

PROPOSED FISCAL YEAR 2007 BUDGET REQUEST FOR THE FOREST SERVICE

HEARING BEFORE THE COMMITTEE ON ENERGY AND NATURAL RESOURCES UNITED STATES SENATE ONE HUNDRED NINTH CONGRESS

SECOND SESSION

TO

REVIEW THE PROPOSED FISCAL YEAR 2007 FOREST SERVICE BUDGET

FEBRUARY 28, 2006



Printed for the use of the
Committee on Energy and Natural Resources

U.S. GOVERNMENT PRINTING OFFICE

27-669 PDF

WASHINGTON : 2006

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2250 Mail: Stop SSOP, Washington, DC 20402-0001

COMMITTEE ON ENERGY AND NATURAL RESOURCES

PETE V. DOMENICI, New Mexico, *Chairman*

LARRY E. CRAIG, Idaho	JEFF BINGAMAN, New Mexico
CRAIG THOMAS, Wyoming	DANIEL K. AKAKA, Hawaii
LAMAR ALEXANDER, Tennessee	BYRON L. DORGAN, North Dakota
LISA MURKOWSKI, Alaska	RON WYDEN, Oregon
RICHARD M. BURR, North Carolina,	TIM JOHNSON, South Dakota
MEL MARTINEZ, Florida	MARY L. LANDRIEU, Louisiana
JAMES M. TALENT, Missouri	DIANNE FEINSTEIN, California
CONRAD BURNS, Montana	MARIA CANTWELL, Washington
GEORGE ALLEN, Virginia	KEN SALAZAR, Colorado
GORDON SMITH, Oregon	ROBERT MENENDEZ, New Jersey
JIM BUNNING, Kentucky	

BRUCE M. EVANS, *Staff Director*

JUDITH K. PENSABENE, *Chief Counsel*

BOB SIMON, *Democratic Staff Director*

SAM FOWLER, *Democratic Chief Counsel*

FRANK GLADICS, *Professional Staff Member*

DAVID BROOKS, *Democratic Senior Counsel*

SCOTT MILLER, *Democratic Counsel*

CONTENTS

STATEMENTS

	Page
Bingaman, Hon. Jeff, U.S. Senator from New Mexico	3
Bosworth, Dale, Chief, Forest Service, Department of Agriculture	5
Cantwell, Hon. Maria, U.S. Senator from Washington	30
Craig, Hon. Larry E., U.S. Senator from Idaho	33
Murkowski, Hon. Lisa, U.S. Senator from Alaska	1
Paige, Sean, Editor, The Gazette, Colorado Springs, CO	38
Rey, Mark, Under Secretary, Natural Resources and Environment, Department of Agriculture	13
Salazar, Hon. Ken, U.S. Senator from Colorado	3
Talent, Hon. James M., U.S. Senator from Missouri	24
Thomas, Hon. Craig, U.S. Senator from Wyoming	1
Wyden, Hon. Ron, U.S. Senator from Oregon	4

APPENDIX

Responses to additional questions	41
-----------------------------------------	----

PROPOSED FISCAL YEAR 2007 BUDGET REQUEST FOR THE FOREST SERVICE

TUESDAY, FEBRUARY 28, 2006

U.S. SENATE,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington D.C.

The committee met, pursuant to notice, at 10:08 a.m. in room SD-366, Dirksen Senate Office Building, Hon. Pete V. Domenici, chairman, presiding.

OPENING STATEMENT OF HON. CRAIG THOMAS, U.S. SENATOR FROM WYOMING

Senator THOMAS [presiding]. I call the committee to order. The chairman is on his way, but he said we could go ahead and get started, and I'm sure he'll be here soon. We welcome our witnesses here today. We appreciate very much your being here. We think of course this is a very important issue to all of us, and we're anxious to discuss it with you.

I really don't have an opening statement other than I do want to thank you for being here, and it's very important to our State and what we do there in terms of the budget, and what we do in terms of the allocation of the funding is key. So, let me turn to Senator Bingaman.

[The prepared statements of Senators Murkowski and Salazar follow:]

PREPARED STATEMENT OF HON. LISA MURKOWSKI, U.S. SENATOR FROM LOUISIANA

Good morning, Mr. Chairman. It is not often that we have the opportunity to complement the federal agencies at the annual budget hearing but this Senator—for one—has something to be thankful for and I want to share it with the committee this morning.

It should come as no surprise to anyone who follows forest issues that litigation, uncertainty over the availability of timber, and pure politics has made it difficult for the three or four remaining timber mills in Southeast Alaska to remain in business.

I have spoken with pride on the floor of the Senate about the determined businesspeople who operate these mills—Steve Seley in Ketchikan, Kirk Dahlstrom in Klawock, and Dick Buehler in Wrangell—who have put up with the frustration, year after year, not knowing whether they will have enough logs to continue to operate . . . not knowing whether their next year's timber supply will be tied up in years of litigation.

Yet they hang in there but because their businesses create and maintain jobs in Southeast Alaska. Their businesses create jobs in a regional economy that suffers from double digit unemployment. The December 2005 unemployment rate, for the Outer Ketchikan-Prince of Wales Island area where Kirk Dahlstrom's mill—Viking Lumber operates—was 16.4%.

Most of these folks can retire to Palm Springs or Mexico and reminisce about the glory days of timber in Southeast. Instead, they choose to stick it out. These people are my heroes.

On January 18th, Alaskans awoke to the news that Steve Seley would close his mill put his 23 employees out of work. Not only that—the loss of Seley’s mill would have rippled through the Ketchikan economy causing more devastation.

Everyone wondered why Steve would throw in the towel after so many years of fighting to keep his business alive. This is the question he posed to the Anchorage Daily News—

Can the federal government perform or not?” in making a predictable supply of timber available to these family owned mills . . .

“The industry is out of capital, out of logs and almost out of desire.”

Out of capital, out of logs and almost out of desire . . . It sounded to many people in Ketchikan that there was no hope of saving Seley’s mill. Yet on February 18th, Seley announced that he would remain open.

The efforts of the Forest Service during that month—working in conjunction with Senator Stevens, Congressman Young and my office, with Governor Murkowski, with Owen Graham and the Alaska Forest Association—made all of the difference in persuading Steve Seley that there is a future in Tongass timber. That focused effort made all of the difference in persuading Steve Seley to fight another day.

The people of Southeast Alaska are enormously grateful. I am grateful. Mark and Chief—please extend my personal appreciation to Forrest Cole and his team in Ketchikan for their efforts.

Now that’s the good news. But we can’t rest on our laurels. We must always remember that there are several other mills that could close tomorrow as well as a veneer plant in Ketchikan that remains idle. These too need a predictable supply of economic timber.

My objective is to help the timber industry rebuild . . . to evolve into an integrated forest products industry in Southeast Alaska . . . so that we can count on to produce jobs for years to come. Mr. Rey and Chief Bosworth—I hope that you too are onboard with that objective.

I wanted also to spend a minute on the County Schools Bill reauthorization. I strongly support the reauthorization of this program and have joined the Chairman and others in co-sponsoring S. 267—the bipartisan bill which would extend the life of this crucial program.

The Secure Rural Schools Act pumps about \$9.6 million a year into my State of Alaska—the vast majority of this money into the communities of Southeast Alaska which once enjoyed prosperity from timber and fishing but now enjoy some of the highest unemployment rates in the State of Alaska.

- Skagway-Hoonah-Angoon—20.3% unemployment
- Haines Borough—12%
- Yakutat—13.1%
- Wrangell-Petersburg—11.4% unemployment

These revenue sharing funds also help communities on the Kenai Peninsula make ends meet.

I am dissatisfied with the administration’s proposal to sunset this program over the next five years—reducing payments over that five year period. Yet I have to admit that I understand where they are coming from.

The perplexing problem is that this program is supposed to be funded from timber revenues. But there aren’t enough timber revenues to provide our schools and communities with a stable funding stream. At the same time, this Congress has allowed a system to fester where our ability to cut timber that professional foresters think should be cut is delayed . . . delayed . . . delayed. Delayed through endless appeals and litigation . . . leading to revisions of plans and environmental documents . . . leading to more appeals and more litigation. It seems like an endless cycle.

I strongly support the County Schools bill in its present form, but I think that the administration’s proposal is a wakeup call to this committee that the Nation may not continue to support revenue sharing that benefits pockets of the country from mandatory spending. If we want the revenues to continue to flow we need to make it possible for the timber industry to do its job and we need to take action to reduce the endless legal delays which hold them hostage.

It is good to see you again, Mr. Rey and Chief Bosworth. I look forward to your testimony.

PREPARED STATEMENT OF HON. KEN SALAZAR, U.S. SENATOR FROM COLORADO

Thank you, Mr. Chairman and Ranking Member Bingaman. I want to welcome Undersecretary Mark Rey and Chief Dale Bosworth—it is good to have you here.

Over the past several years, our forests have endured scorching droughts, blistering fires and insect infestations. In Colorado and across much of the West, bark beetles have taken advantage of dry conditions to run rampant, killing trees and further elevating the fire danger.

The public has rightfully become alarmed at the dangerous state of our forests and has called for better federal management. They want quicker and better-coordinated responses to fires, long-term planning to improve forest health, and action on the bark beetle issue.

Restoring the health of our forests is indeed our responsibility as stewards of our land, but it is even more important for the safety of our families and the health of our rural communities. For towns like Woodland Park, Colorado, surrounded on four sides by forest, the federal government's ability to meet its forest management responsibilities is a question of public safety.

I appreciate the difficulty of putting together a budget that meets all the needs of our forests and rural communities, but I also think we should make smart choices in allocating our resources. Unfortunately, there are a number of items in this budget which, I feel, compromise our security or violate common sense. I want to briefly outline three of these.

First, I do not understand why the Forest Service's budget cuts funding for bark beetle management activities by 48%, to under \$17 million. Addressing bark beetles is essential to rural communities in Colorado surrounded by forest that see the fire danger escalate with every new stand of beetle kill.

Second, we continue to face extraordinary fire danger across the West. In the southern half of Colorado, which has yet again received below-average snowfall, the fire season has already begun. The Forest Service budget seems to take little account of these dangers, instead shifting funds between accounts and making cuts to some of our most effective fire mitigation partnerships with states.

Finally, this budget proposes a massive sell-off of public lands to generate revenue. I don't know what sort of public input the Forest Service sought before setting forth this proposal, but I can certainly tell you that this idea has not been well received in Colorado.

I look forward to hearing more about these, and other, provisions in the budget in your testimony. Again, thank you for being here.

Thank you, Mr. Chairman.

**STATEMENT OF HON. JEFF BINGAMAN, U.S. SENATOR
FROM NEW MEXICO**

Senator BINGAMAN. Well, thank you very much, Mr. Chairman. I do want to mention just a few items before we start with testimony, if I could, about the concerns that I have with the Forest Service budget. I think one major concern, as I understand the budget, is the proposal to sell off \$800 million in national forests in order to partially fund and then to terminate this County Payments Program. This is a program that Senators Wyden and Craig on our committee have taken the lead on. It's been very successful, and it's brought people together to really invest in the restoration of our Federal lands. I'm concerned that the budget proposal is a significant distraction for the agency personnel that have a lot of important work they need to be doing. And I would hope that we could go ahead with a bipartisan effort to re-authorize that County Payments Program in spite of the budget proposal, but that's something we need to ask the witnesses about.

A second issue is drought. It's a very real issue in my State and in much of the West. In the Southwest, we're struggling to prepare for what looks to be the worst catastrophic fire season we've had. The proposed budget calls for the Fire Preparedness Program to be cut by 20 percent, and that is on top of cuts that were made the year before. The budget proposes another \$10 million being cut

from the National Preparedness Program with pretty dramatic cuts in State fire assistance and the virtual elimination of the Fire Rehabilitation Program. That is certainly contrary to the view that I would find anywhere in my State.

The lack of funding for hazardous fuel reduction projects is also a concern. We have tens of thousands of acres of projects in the Southwest that have completed the NEPA analysis, the notice and the comments. They're ready for the immediate implementation of that hazardous fuels reduction activity if the funds are made available.

Let me also mention water. This is related, but not the same as the drought issue. Watershed protection was perhaps the most important purpose for the national forest, as I understand the 1897 Organic Act. I'm concerned about the continued lack of commitment to water in this budget. Significant cuts are proposed to the Bureau of Reclamation, the Geological Survey, Indian Affairs, EPA, and the Corps of Engineers water programs. All of that I think is unfortunate.

There used to be a statement in the budget justification that the Forest Service would say that fixing roads is its single most significant thing that could be done to improve water quality in the national forest. I don't see that statement in this year's budget. Instead, we see continued cuts in the road maintenance budget. Their proposal is to eliminate \$39.4 million. 17.7 percent of that program is slated for elimination, as I understand it.

So I have several of these issues that I hope to get to ask questions about. Thank you, Mr. Chairman.

The CHAIRMAN [presiding]. Thank you very much, Senator Bingaman. Did we decide how we were going to proceed? You made a statement?

Senator THOMAS. Yes, sir. I think we were just going to have the witnesses and then go to our 5-minute routine.

The CHAIRMAN. Right.

Senator THOMAS. Unless you'd like to change that.

The CHAIRMAN. Well, I have a statement, but I think what I'll do is I'll proceed in that order and then use my statement as part of my questions. So we'll proceed, unless you Senators are not all right with that program.

Senator WYDEN. Mr. Chairman, I may not be able to stay. Could I just be recognized for maybe 3 minutes or so?

The CHAIRMAN. Well, okay, we'll do that. Three minutes, Senator. You've got it.

Senator WYDEN. Thank you, Mr. Chairman.

The CHAIRMAN. You're welcome.

STATEMENT OF HON. RON WYDEN, U.S. SENATOR FROM OREGON

Senator WYDEN. Mr. Chairman, I want to commend you and Senator Bingaman and talk just for a moment about where I think we are in forestry. Between 1985 and 2000, no major forestry bill was passed by the Congress and signed into law. Essentially, between 2000 and 2006, this committee worked in a bipartisan way. We produced two major pieces of legislation, the Secure Rural Schools Act, called the County Payments Bill, and the Forest Health legis-

lation. What I think we're seeing today is essentially a proposal that would dismantle one of them, the Secure Rural Schools legislation. I've talked with Senator Craig, and with many of you about it—and with you, Mr. Chairman—and I think we just have to work together in a bipartisan way once more to preserve this program. I think there are some new areas that we may be able to look at like putting biomass projects into this legislation, something that would be a clean source of energy, something that's been supported in this committee.

But if the budget were to go forward in this way with the public land sales, it'd push a lot of these rural communities off an economic cliff. We can't afford to let that happen. I would just like to work with you, Senator Bingaman, Senator Craig and others to preserve the important work that was done over the last few years, because through working together, we got two important pieces of legislation passed. I would hate to see one of them dismantled, as we're faced right now with the Secure Rural Schools legislation. I want to commend you and Senator Bingaman for all your cooperation.

The CHAIRMAN. Thank you very much, Senator, for your observations. You have a difficult one there, there's no question. We're now going to proceed to take the witnesses. We're short of time because the Senate's trying to do a lot of other things. We're going to start, please, with you, Chief. Make your statements brief and your entire statements will be made part of the record.

**STATEMENT OF DALE BOSWORTH, CHIEF, FOREST SERVICE,
DEPARTMENT OF AGRICULTURE**

Mr. BOSWORTH. Mr. Chairman and members of the committee, thank you for the opportunity to be here again today and to talk about the president's fiscal year 2007 budget for the Forest Service.

The fiscal year 2007 President's budget for the Forest Service totals about \$4.10 billion in discretionary funding. It's a \$104 million decrease from fiscal year 2006 enacted. The budget advances some of the agency's top priorities, to sustain the health of the Nation's forests and grasslands. I want to begin by discussing some of our successes, though, from the past year and then talk about our strategy for accomplishing our agency objectives at a time when our Nation also needs to exercise fiscal discipline to provide critical resources needed for our Nation's highest priorities.

In 2005, we demonstrated that the Forest Service continues to be an agency of great value to the American people. We maintained, again, a 99 percent initial attack success rate on fires. Together with the Department of the Interior, we treated more than 4.3 million acres of hazardous fuels.

In support of Hurricane Katrina, the Forest Service provided support to over 600,000 people, distributed over 2.7 million meals, 4 million gallons of water, and 40 million pounds of ice. We had 5,500 employees work over 250,000 personnel days.

We also accomplished work while simultaneously improving our organization, our financial management. We have a service center now in Albuquerque that became operational last spring. We have about 400 employees there. We received our fourth consecutive

clean audit opinion, and we expect to save over \$241 million in administrative costs over the next 5 years.

For 2007 priorities, the President's budget provides increased support for programs to improve forest health, protect critical resources from catastrophic wildfire, and to meet our commitments to the Northwest Forest Plan. The budget continues the work of using the Healthy Forests Initiative and the Healthy Forests Restoration Act authorities in restoring forest health. The Department of the Interior and the Forest Service will treat 3.2 million acres in fiscal year 2007, of which a majority is in the wildland-urban interface. We'll be increasing the use of stewardship contracting authorities. We expect to do about 100,000 acres of projects using those authorities.

The Forest Service continues to assist communities adjacent to national forest land in development of community wildfire protection plans. As of December 2005, at least 450 community wildfire protection plans were complete, covering 2,250 communities. We'll be increasing the wildland fire use for restoring forest health. We did something like 251,000 acres in 2005. It'll be fostering markets for biomass utilization. It'll make restoration work much more financially feasible.

Our budget will allocate \$61.5 million for the Forest Legacy Program, which is an important way to protect much-needed open space in a very cost-efficient manner. A key theme from the White House conference on Cooperative Conservation and the Forest Service Centennial Congress was that the future is collaboration, not top-down regulation. Our new planning process encourages more public involvement in earlier stages and is more strategic and more efficient. The new travel management rule engages the public in a cooperative process resulting in greater protection of natural resources without significant expenditures. Our resource advisory committees, that are established through the Recreation Enhancement Act, leverage public involvement to improve Forest Service effectiveness and efficiency. The Energy Policy Act of 2005 allows the Bureau of Land Management and the Forest Service to develop interagency agreements in order to reduce the backlog of oil and gas lease applications. The Partnership Enhancement Act that we have submitted for your consideration would expand the Forest Service's ability to engage in cooperative agreements. The budget reflects continued implementation of the Forest Service vision as a center of excellence in government, which includes reducing our indirect costs to \$461 million to increase those dollars to the ground.

The Facilities Realignment and Enhancement Act allows us to streamline facility holdings while producing additional funds from mission-critical facility maintenance. We continue to provide high-quality recreation opportunities; we received over 200 million visits in 2005. To meet the increasing demand, we're exploring innovative ways to manage our recreation program. We'll be keeping you informed on some of those ways that we're considering. Research and development is leading the way in expanding collaborative efforts by focusing funding on congressional priorities that have at least 40 percent extramural funding.

During the next 5 years, the Business Operations Transformation Program is estimated to save \$241 million. Centraliza-

tion of budget and finance improves the transparency and accountability, in addition to efficiency.

So, in conclusion, the Forest Service 2007 budget responds to the national need for deficit reduction while preparing for a new, more collaborative era of natural resource management.

So again, I appreciate the opportunity to be here, and I'm looking forward to working with you to implement our fiscal year 2007 program. I'd be happy to answer any questions you might have.

[The prepared statement of Mr. Bosworth follows:]

PREPARED STATEMENT OF DALE BOSWORTH, CHIEF, FOREST SERVICE,
DEPARTMENT OF AGRICULTURE

OVERVIEW

Mr. Chairman and members of the Committee, thank you for this opportunity to discuss the President's Fiscal Year (FY) 2007 Budget for the Forest Service. I am pleased to be here with you today.

The FY 2007 President's budget for the Forest Service totals \$4.10 billion in discretionary funding, which is a \$104 million decrease in funding from FY 2006. The budget advances the top priorities of the agency in order to sustain the health of the Nation's forests and grasslands. I will begin today by sharing some of the Forest Service's successes from the past year; these successes demonstrate our capabilities to accomplish the challenges ahead. Then, I will discuss our strategy for accomplishing agency objectives at a time when our Nation also needs to exercise fiscal discipline to provide the critical resources needed for our Nation's highest priorities: fighting the war on terrorism, strengthening our homeland defenses and sustaining the momentum of our economic recovery.

FOREST SERVICE SUCCESSES

In 2005, the Forest Service achieved its priorities and demonstrated that it continues to be an agency of great value to the American people. The Forest Service exceeded its goals to restore the health of our forests and protect critical resources from catastrophic wildfires. Working collaboratively with the Department of Interior (DOI), the Forest Service controlled 99 percent of all unwanted and unplanned fires during initial attack.

The Forest Service and the Department of the Interior last year treated hazardous fuels on more than 2.9 million acres of land, and reduced hazardous fuels on an additional 1.4 million acres through other land management actions.

Federal agencies plan to treat 2.9 million more acres in 2006, and accomplish hazardous fuels reduction on an additional 1.6 million acres through landscape restoration activities. An additional 4.6 million acres are planned for 2007, which includes 3.0 million acres of hazardous fuels treatments and 1.6 million acres of landscape restoration. By the end of fiscal year 2007, federal agencies will have treated hazardous fuels on more than 21.5 million acres of our nation's forests and wooded rangelands since the beginning of fiscal year 2001, and will have restored an additional 5.1 million acres.

I am especially proud this year of the strength and resourcefulness that Forest Service employees demonstrated during their involvement in the relief efforts following the many hurricanes of 2005. In the first four weeks after Katrina's landfall, Forest Service employees provided support to over 600,000 people affected by Katrina, distributing over 2.7 million meals, 4 million gallons of water and 40 million pounds of ice. During peak response to Hurricanes Katrina and Rita, the Forest Service had 5,500 employees working in the affected region, and total Forest Service efforts represented over 250,000 personnel days. Forest Service employees provided a variety of critical services, including managing evacuation centers and base camps, providing logistical support, clearing roadways, and leading forest restoration efforts on both the private and public forest damaged by the storms.

These efforts demonstrated the exceptional work ethic and "can-do" attitude of Forest Service employees. At the Levi Strauss shelter in San Antonio, Red Cross worker Bill Martin reported that "[Forest Service workers] do everything here . . . They aren't afraid of getting their hands dirty." At this shelter, Forest Service employees became known as the "green pants." The nickname arose from evacuees who quickly learned that if they needed something done quickly or a question answered right away, they could get it from the men and women wearing the green pants of the Forest Service uniform. The commitment to service that Forest

Service employees demonstrated during the hurricane relief efforts is the same commitment that sustains the health of our Nation's forests and grasslands.

The National Forest System continues to provide benefits to the American public, including fresh water, flood regulation, carbon sequestration and recreation. 60 million people benefit from clean water provided by national forests and grasslands, and in 2005 the American people made over 200 million visits to the National forests and grasslands. These statistics underscore the importance of the National Forest System to the environmental infrastructure and natural heritage of the United States.

The Forest Service accomplished all these tasks while simultaneously improving its organizational and financial management. In 2005 the Forest Service began its Business Operations Transformation Program, which will advance the efficiency of its technology, budget, finance and human resources operations, and is expected to save the agency \$241 million in administrative operation costs over the next five years. As part of this effort, the Albuquerque Service Center became operational in 2005, and will create a centralized location for human resources and financial management operations.

The Forest Service also achieved its fourth unqualified ("clean") audit opinion in a row for FY 2005, continuing the agency's efforts to improve financial performance. Building upon these successes, the Forest Service will use improved financial information to drive results in key areas.

The Forest Service faces many challenges as it enters a new era of natural resource management. The accomplishments of 2005 demonstrate the ability of the Forest Service to meet these challenges as the agency begins its second century of service.

FOREST SERVICE PRIORITIES FOR FY 2007

In FY 2007 the Forest Service will continue its strategic focus on the following goals: restoring fire-adapted forests; providing sustainable recreation opportunities for the American people; reducing the impacts of invasive species; improving the health of our watersheds; and helping our nation meet its energy needs.

In addition to these long-term strategic goals, the President's Budget provides increased support to Forest Service programs that improve forest health conditions, protect critical resources from catastrophic wildland fire, and help prevent the loss of open space. The President's Budget demonstrates that the Forest Service can use collaborative approaches and operate with renewed efficiency and accountability in order to reduce costs while accomplishing its mission. The Forest Service will achieve this by: 1) dealing strategically with threats to forest health; 2) expanding collaborative efforts; 3) increasing the efficiency of Forest Service programs; and 4) improving organizational and financial management. Through these four strategies, the Forest Service will build on its past successes and advance its priorities for FY 2007.

A STRATEGIC APPROACH TO RESTORING FOREST HEALTH

The FY 2007 Budget continues the work of the Forest Service under the authorities of the President's Healthy Forests Initiative and the Healthy Forest Restoration Act (HFRA). These authorities have removed administrative process delays and expedited critical restoration projects so that the Forest Service can more effectively restore national forests and grasslands to a more fire adaptive environment.

In 2005, the Forest Service treated 2.72 million acres of land to reduce hazardous fuels, with over 60 percent of those acres in the wildland-urban interface. The FY 2007 budget proposes \$292 million for the treatment of hazardous fuels. Combined with other programs, the agency will treat as many as 3.2 million acres, with a majority of acres treated in the wildland-urban interface. Recent court decisions affecting our use of categorical exclusions to accomplish this work will have an effect on our ability to rapidly and efficiently treat these acres that are in need of fuels reduction. The Forest Service is also better integrating its hazardous fuels treatments with other vegetation management activities. The result is an additional 1.1 million acres of hazardous fuels treated in 2005 as secondary benefits to other vegetation management activities.

Hazardous fuels treatments, in turn, often have secondary benefits such as wildlife habitat improvement or watershed restoration.

Another important tool for improving forest health is stewardship projects. These projects allow forest managers to more efficiently manage efforts to restore forest health through the use of one contract document authorizing the disposal of national forest system timber incidental to and in exchange for services to be performed on national forest system land. The President's budget will allow the Forest

Service to award approximately 100,000 acres of stewardship projects in FY 2007, providing services such as noxious weed treatment, lake restoration, and harvesting biomass for energy use.

In FY 2007 the Forest Service will continue to assist communities adjacent to National Forest land in the development of Community Wildfire Protection Plans (CWPPs). CWPPs enable communities to establish a localized definition of the wildland-urban interface in their area, and high-risk areas identified in a CWPP receive funding preference from the Forest Service. As of December 2005, at least 450 CWPPs had been completed nationwide, covering at least 2,500 communities at risk from wildfire.

In 2005, fires burned 8.6 million acres on Federal lands; the fire season was characterized by a continuing drought and dry fuel conditions. Climate forecasts and estimates of fuel loads on our Nation's forests highlight the continued need for highly trained and efficient fire prevention and fire suppression programs. In order to maintain these programs, the President's Budget proposes a \$56 million increase above the FY 2006 enacted amount for wildland fire suppression. This funding request equals the most recent 10-year average for suppression costs, which are on an upward trend.

In 2005, the Forest Service continued its success in initial fires suppression, containing 99 percent of all unwanted fires. The President's Budget provides the preparedness funding needed to maintain this initial attack success rate. The development of an interagency fire managing planning and budget model to support cost effective allocation of preparedness resources is currently underway. The President's Budget provides additional incentives for reducing suppression costs by authorizing use of unobligated wildfire suppression funds for hazardous fuels treatment. This provides an incentive for line officers to reduce suppression expenses so they can have more resources to conduct hazardous fuels treatment. We are also committed to managing wildland fires for resource benefits or, as we also refer to it as, wildland fire use. This option is available to Federal agencies that have an approved land use plan and a fire management plan that allows for it. Our ability to manage naturally occurring fires in order to improve the health of fire dependent forests is increasing each year. The 2005 total of an additional 251,000 acres was significantly higher than 2004 and we look forward to increasing our capability to use this important tool.

These programs demonstrate the Forest Service's multi-faceted approach to restoring National forests and grasslands to a more fire adaptive environment.

Through stewardship contracting, collaboration and community involvement, strategic treatment of hazardous fuels, and well-planned fire prevention and suppression, we are having a long-term impact on minimizing wildfire threats.

The protection of forest health and open space is increasingly affected by the dynamics of a global timber market. Timber prices are now often set globally; the result has been a reduction in the private wood products infrastructure and divestment of timber companies from their timber land in the United States. These trends have altered the economic and environmental reality in which the Forest Service operates. The FY 2007 budget provides several strategies to deal with these realities.

The sell-off of industrial timber lands opens up millions of acres to potential development, which in turns adds to the threat of the loss of open space. To counter these trends, the President's Budget requests \$62 million for the Forest Legacy Program, which will protect an estimated 130,000 priority acres in FY 2007. The Forest Legacy Program works in concert with the cooperative efforts of other Federal, State and non-governmental organizations to assist private landowners sustain intact, working forests.

The Forest Service's efforts to restore forest health are also affected by the global timber market. With the reduction in mill capacity and other related infrastructure, market conditions have created a more limited demand pool and led to higher costs for remaining purchasers, adversely affecting the financial feasibility of restoration work on our Nation's forests and grasslands. The FY 2007 budget addresses this need by dedicating \$5 million to foster markets in biomass utilization. Additionally, authorities of HFI/HFRA and stewardship contracting enable more efficient and effective partnerships with the local community in treating hazardous fuels, and promote investment in the local infrastructure to utilize timber.

With greater exchange of global goods also comes greater transfer of invasive species. The FY 2007 budget provides over \$94 million to Forest Service invasive species programs, allowing the agency to complete invasive species suppression, prevention and management on over 61,000 acres of Federal lands and 315,000 acres of state and private lands. These efforts involve enhanced collaboration with Forest Service partners to find and implement solutions to invasive species problems. In 2004 the Forest Service invasive species program underwent a program assessment

rating tool (PART) evaluation. As a result of the assessment, new program performance measures based on a scientific or policy basis for validating agency actions were developed to more frequently update and utilize forest health risk maps for decision making and allocation of resources; and to provide for the measurement of the environmental and economic effects of invasive species treatments.

An additional strategy for protecting forest health involves USDA's work to broaden the use of markets for ecosystem services through voluntary market mechanisms as announced by Secretary Johanns at the White House Conference on Cooperative Conservation. As part of this effort, Forest Service Research and Development will continue its work regarding the quantification of ecosystem services values.

INCREASED COLLABORATIVE EFFORTS

The White House Conference on Cooperative Conservation, held in August 2005, marked an important milestone in the effort to expand and improve collaboration in natural resource management. The White House Conference underscored a clear lesson learned from the Forest Service Centennial—that the Forest Service has entered a new, more collaborative era of natural resource management. Many of the rules and laws governing the Forest Service were enacted at a time when the focus of the agency was on producing timber and mitigating adverse impacts in order to maintain other resource uses, such as recreation and habitat. Today we are focusing on improving forest health and promoting sustainable recreation. The rules and procedures created during the former era of resource extraction often slow down important restoration work during the current era of restoration. In order to work effectively in this new environment, the future of the Forest Service must be built on collaboration instead of top-down regulation.

The new planning rule for the Forest Service creates a dynamic planning process that is less bureaucratic, emphasizes sound science, and encourages more public involvement earlier in the planning stages. We also expect that the new system of planning will be more strategic, transparent, timely and efficient. The planning process will be more effective because the rule requires annual evaluation of monitoring results and a comprehensive evaluation every 5 years. These evaluations will provide land managers with information to make necessary changes. The rule also requires establishment of an Environmental Management System, which focuses on continual improvement on each administrative unit. The new rule also requires opportunities for public involvement at four key stages in the planning process. Under the old planning rule, it usually took five to seven years to revise a 15-year land management plan; under the new rule, we expect that a plan revision will take from two to three years, saving the agency significant time and money.

The new travel management rule, issued in November 2005, provides another example of successful cooperation resulting in effective rule making. In 2004, OHV users accounted for between 11 and 12 million visits to national forests and grasslands. While the Forest Service believes that OHVs are a legitimate use of the National Forest System, unmanaged OHV use has resulted in unplanned roads and trails, erosion, watershed and habitat degradation, and impacts to cultural resource sites. The 2005 travel management rule requires each national forest and grassland to designate the roads, trails and areas that will be open to motor vehicle use. Ranger districts and national forests will work with State and local governments and user groups to decide which routes and areas will be open to motor vehicle use. The Forest Service will engage the public so that travel management will be a cooperative process, which in turn will help increase compliance. The result will be greater protection for recreation resources without significant expenditures from Forest Service appropriations.

In 2004 Congress approved the Federal Lands Recreation Enhancement Act, giving the Forest Service a 10-year authority to reinvest a portion of collected recreation fees to enhance local recreation opportunities and improve wildlife habitat in the area. The Act also directed the creation of recreation advisory committees that will provide public involvement and comment on recreation fee programs. The recreation advisory committees are another example of the Forest Service's continued commitment to improving its effectiveness and efficiency through increased public involvement and cooperation. I want to thank Congress for providing the Forest Service with this new and effective tool for cooperative conservation.

A final example of collaboration includes working closely with the Bureau of Land Management in the energy permitting process. The Energy Policy Act of 2005 allows the BLM and the Forest Service to develop interagency agreements to support established BLM pilot offices designed to streamline the oil and gas permitting process on federal lands. These agreements will be used to reduce the backlog of oil and gas applications for permit to drill and improve the inspection and enforcement

processes. This realignment will increase the resources available to process energy permit applications, resulting in a more effective permitting process.

The Partnership Enhancement Act, currently under review by Congress, is an additional proposal that would advance the flexibility and effectiveness of the Forest Service. The Partnership Enhancement Act will clarify and simplify the Forest Service's legal authority to enter into mutual benefit agreements with a wide variety of collaborators. This Act would expand the Forest Service's ability to engage in cooperative agreements with the local community and other interested parties.

INCREASE THE EFFICIENCY OF FOREST SERVICE PROGRAMS

The President's Budget reflects continued implementation of the Forest Service's vision as a "Center of Excellence in Government" in which it will be viewed as a model agency recognized for efficiently delivering its services. The Budget continues reforms that will streamline the Forest Service's organization, improve accountability, and focus on measurable results. The Budget reduces indirect costs to \$461 million, and reflects completion of organizational efficiency studies that will lead to savings in FY 2008 and beyond. The Budget further reflects a continuing emphasis on Forest Service performance and accountability by including two new performance measures for the National Forest System: (1) the use of volume sold as an annual output measure for forest products and (2) an annual efficiency measure consisting of the ratio of total receipts for each activity to the obligations for each respective activity that generates those receipts. These reforms will foster a greater focus on results; lead to improved decisions based on performance; and enhance accountability through the use of more readily available and better quality performance information.

Through the President's Budget the Forest Service will continue to make use of valuable authorities that Congress has recently made available to the agency, and the Forest Service will continue its efforts to increase program efficiency. With the provisions of the Forest Service Facilities Realignment and Enhancement Act, the Forest Service is reducing its administrative site maintenance backlog and improving efficiency in its land management program. This new authority provides a necessary incentive to identify and maintain needed facilities while streamlining facility holdings that reflect a bygone era of forest management. In FY 2006, we anticipate \$37 million in receipts from this conveyance authority and we will be initiating over 100 administrative site conveyances with projected receipts of over \$77 million by FY 2009. In short, the new authority enables the Forest Service to accomplish more with its Capital Improvement and Maintenance funds, while also decreasing the deferred maintenance backlog by removing unneeded facilities and producing additional funds to enhance mission-critical ones. In FY 2007, the Forest Service will continue to implement the FY 2006 changes to Knutson-Vandenberg (K-V) authority, which allow the Forest Service more flexibility in the expenditure of K-V funds. Consistent with OMB direction to offset increases in mandatory spending, the agency has issued direction to the field to increase collections into the National Forest Fund to offset the increase in the K-V program. I would like to express my appreciation for support that this Subcommittee has given the Forest Service in improving these authorities.

Providing high quality recreation opportunities on the National forests and grasslands is of great importance to the Forest Service. National forests and grasslands received over 200 million visits occurring in 2005. The Agency is developing a programmatic plan called, "the capacity-building model for sustainable recreation," that will identify ways to build capacity to meet increasing demand. Tools will include partnership development, volunteerism, recreation fee revenues, improved business practices, and prioritization of recreation facility assets. Specific actions in 2007 will include completion of recreation facility master planning to prioritize facility assets; completion of a feasibility study on retention of recreation special use fees; continued implementation of the Federal Lands Recreation Enhancement Act; collaborating with private sector partners to create a web site on improved business practices, including use of grant resources and volunteerism; and completing a skills assessment to enhance business and financial skills.

In 2005 the recreation program PART assessment was conducted. As a result of this assessment we are taking actions to improve the recreation program performance, including updated performance measures connecting recreation program performance with achievement of the strategic goals; taking measures to improve visitor satisfaction and completing recreation business plans for each of the National Forest and Grasslands.

The President's budget reflects the efforts of Forest Service Research and Development (R&D) to improve research programs while also advancing deficit reduction

goals. To do this, R&D is expanding collaborative and coalition building efforts, focusing funding on research with external partners, and aligning research projects along strategic program areas.

R&D is hosting two “Outlook Workshops” on future forestry research with non-governmental organizations (NGO’s), government partners, academia and industry to encourage a common research agenda for all sectors of forestry research. In January 2006, R&D participated in a summit for Deans from U.S. forestry programs to lay plans for a common research agenda. The Forest Service will also continue to support the larger research community through the Forest Inventory Analysis (FIA). The FIA is the Nation’s only forest census, and it has been tracking the conditions of America’s forests for roughly 75 years. The President’s Budget funds the FIA program at a level that will allow the program to cover 93 percent of the nation’s forests with an annual inventory.

R&D is also refocusing its research dollars, further increasing R&D’s support of external and collaborative research efforts from 13 percent of the R&D budget to 20 percent over the next five years. Finally, R&D is reorganizing its research along strategic programs areas, so the Agency can best produce the research that supports current priorities. Along these lines, the President’s Budget allocates \$1.5 million to research on the value of ecosystem services; \$3.5 million to research on biomass markets and utilization; and includes funding for the reorganization of the Forest Products Lab, so the Lab can better focus on research that increases the utilization value of wood products, particularly in the areas of biomass, small diameter utilization, and energy and biofuels production from biomass. Through these efforts, the science produced by Research & Development will continue to be the foundation for effective Forest Service programs.

IMPROVING ORGANIZATIONAL AND FINANCIAL MANAGEMENT

In support of the President’s Management Agenda, the FY 2007 budget continues the Forest Service’s efforts to improve organizational and financial management. The Forest Service’s Business Operations Transformation Program is improving the overall efficiency of the Forest Service’s administrative operations and increasing the Agency’s ability to redirect funds from indirect costs to mission delivery. The Albuquerque Service Center successfully opened this past year, bringing nearly 400 employees to a consolidated budget and finance center that will better serve the needs of Forest Service internal and external customers. During the next five years, the Business Operations Transformation Program is estimated to result in \$241 million in savings for the Forest Service.

The centralization of Forest Service budget and finance will also create greater transparency, accountability and efficiency in the agency’s financial management. The Forest Service continues to improve its financial management, as evidenced by the Agency’s 4th consecutive unqualified (“clean”) audit in 2005. Building upon these successes, the Forest Service will use improved financial information to drive results in key areas.

The President’s Budget also continues support for the Forest Service Competitive Sourcing program, and focuses on proper and timely implementation of completed competitive sourcing studies and rigorous analysis of the studies’ results and savings.

In FY 2007 the Forest Service will continue its work in Budget and Performance Integration through implementation of its strategic plan, Performance Accountability System, and by making effective use of the Program Assessment Rating Tool (PART). The Forest Service Strategic Plan helps the Agency and its field units develop programs of work that address natural resource needs while maximizing limited resources and improving performance accountability. The Strategic Plan will be revised in FY 2006 to reflect the latest needs and resources of the agency.

Through the PAS, the Forest Service is integrating existing data sources so that timely, consistent and credible performance information will be available for project and program managers as well as external customers. In addition, PART efforts will ensure that the Agency’s activities are aligned with its strategic plan. Thus far the Forest Service has used PART to evaluate the following programs: Wildland Fire Management, Capital Improvement & Maintenance, Forest Legacy, Invasive Species, Land Acquisition, Recreation and Energy. These assessments have resulted in development of improved performance measures to better track accomplishments and increase accountability and better integration of strategic goals with program accomplishments. For the FY 2008 budget process, the Forest Service will complete a PART analysis of mission-support activities and programs aimed at improving watershed quality, and will reassess Wildland Fire and Invasive Species. Results from

the PART process have been, and will continue to be, used to improve program management and develop better performance measures.

CONCLUSION

The FY 2007 Budget reflects the President's commitment to providing the critical resources needed for our Nation's highest priorities. The FY 2007 budget responds to the national need for deficit reduction while preparing the Forest Service for a new, more collaborative, era of natural resource management. With this budget the Forest Service will continue to identify and support more efficient and effective methods of pursuing its mission. This will be accomplished through increased collaboration, the use of new legislative authorities, expanded program efficiencies and improved organizational and financial management. Through these efforts the Forest Service will continue to sustain the health and productivity of the Nation's forests and grasslands.

Thank you for this opportunity to discuss the President's Budget. I look forward to working with you to implement our FY 2007 program, and I'm happy to answer any questions that you may have.

The CHAIRMAN. Thank you very much, Chief. Now, we'll take Mark. Please proceed, Mr. Secretary.

STATEMENT OF MARK REY, UNDER SECRETARY, NATURAL RESOURCES AND ENVIRONMENT, DEPARTMENT OF AGRICULTURE

Mr. REY. Thank you, Mr. Chairman. I'd like to spend my time today talking about our proposal to re-authorize for five additional years the Secure Rural Schools legislation of 2000. That legislation's authorization expires at the end of this year, absent any congressional action.

The 2000 legislation was designed to secure three transitions that needed to occur. One was to allow the counties involved time to transition away from heavy dependence on Federal timber sale receipts. The second was to give the Forest Service and the Bureau of Land Management time to stabilize their timber sale program, which was beset by appeals and litigation in the 1980's and 1990's. The third provided a transition period to improve intergovernmental relationships between the Forest Service and BLM and local governments and local groups.

In our judgment, the second and third of those transitions are now nearly complete. Our receipts program has stabilized and is increasing slightly. It's reaching levels now that it reached in the early 1970's. The third transition has also been completed. The resource advisory committees have done a lot of work in improving our relationships with local governments and local groups, investing some \$36 million annually in habitat improvement and restoration projects and encouraging volunteerism in management of the national forest. We would tend to want to keep the resource advisory committees whether or not the legislation is re-authorized by Congress.

The first transition, however, is not complete. While some counties have diversified their economies, some clearly haven't. So, in light of that, what we are recommending is a 5-year re-authorization with payments phasing down over the course of that 5-year time period to give those counties that haven't had the opportunity to adjust an additional time period in making that adjustment. We would fund that re-authorization from a one-time land sale of tracts that have been identified using criteria in each of our national forest plans as isolated, difficult, and expensive to manage

and no longer meeting National Forest System needs. A preliminary list of such sites involved a little over 300,000 acres, or less than two-tenths of 1 percent of the National Forest System, involving 2,900 parcels in 31 States. The legal descriptions of the entire list went live on the Forest Service website on February 10. Today, individual national forest maps, a few of which I have here to share with you, will go up on the website and in the *Federal Register*, and we will announce a 30-day comment period to allow the public to give us comments on the list.

All told, to present this proposal to you, it'll take roughly a month's worth of work and about \$50,000. So it hasn't been a major distraction or an allocation of effort because much of the work was already done through the criteria in the national forest plans. We appreciate in making this proposal that land sales are a very sensitive proposition. As we put this proposal together, we looked back across the last 2½ decades at land sale proposals, both those which were adopted by Congress, like the Southern Nevada Land Act of 1998 or the Educational Land Grant Act of 2000—both of which were reported by this committee—as well as those land sales which weren't supported by Congress. What we discovered is that if you looked at the ones that were supported, they all shared three characteristics. One was precision, two was transparency, and three was a broadly agreed upon public purpose. Precision is important because everybody needs to know exactly what's being talked about. Nobody wants vagueness in the sense that you want to know exactly what's going to be sold at what price. Transparency is important because everybody wants an opportunity to talk about it. You can't put one of these proposals in a conference report at the last minute and expect that it will sail through. Finally, broad public purpose is important because the sales that were supported by Congress had proceeds going to a purpose that was broadly supported and not just simply deficit reduction.

We think, in trying to craft this proposal, that we're responsive to those three characteristics. We're going to be presenting the Congress with the exact list of all of the tracts involved. We probably don't need to sell 300,000 acres to make \$800 million, which is the offset we're seeking. Probably somewhere around half of that or slightly more will do the job, so we have the latitude and the flexibility over the next 30 days as comments come in to modify that list. Of course, you'll have the opportunity to modify it should you choose to take that opportunity. I think transparency is met by the fact that we're putting it forward as part of our budget without any pretense or pretext.

Finally, I think, based on your comments already, we share a general view that re-authorization of the Secure Rural Schools legislation is an important public purpose that both the administration and Congress agree should be met. We also would urge you to look at this proposal in a larger context. As I said, it will require us to sell probably one-tenth of 1 percent of the National Forest System at the same time that we're adding ecologically sensitive lands that do meet National Forest System needs on an annual basis. Indeed, based on our rate of land acquisition, this proposal would be netted out in less than 2 years' time.

So, we expect that we'll get lots of comments; hopefully, comments that are specific to individual areas that people believe should or shouldn't be on the list. We've already received a number of comments already in the month that the proposal's been part of the public discourse. As a consequence of those comments, we're making some changes in the proposal even before sending it to you. For instance, we have been informed by people that even if they accept the proposition that these tracts no longer meet National Forest System needs, that's not the same as saying they no longer meet public needs.

Indeed, there are some isolated tracts where in the past we've given county governments a special use permit to put a picnic site on an isolated tract of national forest land because that tract happened to be accessible to a major roadway with a lot of recreational traffic. So, one of the things we'll be doing in this proposal which we'll be sending you is including language that gives State or local governments or land trusts the right of first refusal to acquire these tracts at the appraised value before we put them up for private auction. That's one way to secure whatever public benefits there may be even though they're not National Forest System benefits. I dare say that as the public comments on this list, some tracts will be added and some will certainly drop, and we'll be responsive to those comments.

One of the most surprising and unanticipated developments so far is the unexpected support for Forest Service management that's emerged from groups that are usually critical of the Forest Service as they've had the opportunity to comment on this proposal.

So, we hope that you'll take a look at the legislation when we send it forward here in the next couple of days. We think this is a reasonable offset to use to support a piece of legislation that does need to be re-authorized, which is something that I think we'd all agree on. Thank you very much.

[The prepared statement of Mr. Rey follows:]

PREPARED STATEMENT OF MARK REY, UNDER SECRETARY, NATURAL RESOURCES AND ENVIRONMENT, DEPARTMENT OF AGRICULTURE

OVERVIEW

Mr. Chairman, members of the Committee, thank you for the opportunity to discuss the President's Fiscal Year 2007 Budget for the Forest Service. I am pleased to join Dale Bosworth, Chief of the Forest Service, at this hearing today.

In my testimony, I will discuss two main issues. First, I will focus on the proposal in the President's Budget to continue funding for an amended Secure Rural Schools and Community Self Determination Act. Second, I will discuss the increased funding for the Northwest Forest Plan that is requested in the Fiscal Year (FY) 2007 budget, which will promote improved forest health and more robust forest products economies in the Pacific Northwest.

CONTINUING TRANSITIONAL SUPPORT TO RURAL COMMUNITIES THROUGH THE SECURE RURAL SCHOOLS ACT

The Secure Rural Schools and Community Self-Determination Act of 2000 (P.L. 106-393) was enacted to provide transitional assistance to rural counties that had been affected by the decline in revenue from timber harvests on Federal lands. These counties traditionally relied on a share of receipts from timber harvests to fund their school systems and roads. The funding provided by the Act has been used to provide over 4,400 rural schools with critical funding and has addressed severe maintenance backlogs for county roads. Resource Advisory Committees (RACs) established under the act have developed and proposed forest health improvement projects. A recent study by the Sierra Institute for Community and Environment,

Assessment of the Secure Rural Schools and Community Self-Determination Act—Dr. Jonathan Kusel (January 2006), on the effectiveness of RACs under title II and community programs under title III of the Act was encouraging.

Each year the level of interaction between RACs, local governments, and citizens has increased, resulting in broader support and understanding of our mission. Additionally, funding for title III has also been used to complete community wildfire protection plans which are necessary to efficiently plan protection strategies for our rural communities.

The last payment authorized under the Act would be made in Fiscal Year 2007 based on timber and other receipt levels for Fiscal Year 2006. The Administration is committed to provide transitional assistance to counties and States covered under the Secure Rural Schools Act. The Department of Agriculture has worked hard to find the offsets needed to temporarily, while targeting and gradually phasing out, this assistance.

Our legislative proposal described in the President's fiscal year 2007 Budget for the Forest Service would amend the Act. The legislation would provide a source of funding for payments under the Secure Rural Schools Act by authorizing the sale of certain National Forest System lands. These parcels meet criteria identified in existing Forest Land Management plans as potentially suitable for conveyance. Many of these lands are isolated from other contiguous National Forest System lands, and because of their location, size or configuration are not efficient to manage as a component of the National Forest system. Isolated tracts can be expensive to manage because of boundary management and encroachment resolution costs. The sale of these lands will not compromise the health or integrity of the National Forest System; instead, it will allow the agency to consolidate federal ownership and reduce management costs.

The legislation would authorize the Secretary of Agriculture to sell an adequate amount of National Forest land to fund an \$800 million dollar account that would be used to make Secure Rural Schools Act payments over a five year period. For each fiscal year, the legislation identifies a specific amount from the account that may be used to make the payments. Payments from the land sales fund will be adjusted downwards and eventually phased out. This adjustment recognizes that the Secure Rural Schools Act provided transitional assistance to rural communities adapting to a changing timber economy and a changing federal role in resource extraction.

Funds from the land sales account would be in addition to payments to the States from annual timber and other receipts on National Forests and BLM lands. For administrative purposes, the Secretary of Agriculture would also make the supplemental payments from this account for Bureau of Land Management O&C lands. Payments will continue to be targeted to the most affected areas. Timber receipts are expected to rise over the next five years, which should further help in reducing the impact of the payment phase-out.

Since payments under the Secure Rural Schools Act began in 2001, the affected economies have made important strides in economic diversification and are now less dependent on federal timber receipts. In addition, the Forest Service has reestablished itself as a catalyst for economic development by conducting hazardous fuels treatments that can result in a market in forest biomass. Timber receipts are also on the rise as the "timber wars" have transitioned into a new era of cooperative conservation. By selling isolated federal lands, we will further contribute to diversified rural government funding.

When the federal lands are sold and become private property, they will be added to the county tax rolls, providing a sustainable funding source for local governments. All of these factors combine into a unified plan to promote robust local economies and reduce the dependence of county governments on direct federal assistance.

The Administration remains committed to acquiring environmentally sensitive lands and protecting them from development. This commitment is reflected in the President's request for a \$5 million increase in funding for the Forest Legacy program, which will protect an estimated 130,000 priority acres in FY2007 through the purchase of conservation easements or fee simple title. In addition, our land acquisition program and land exchange program has been adding about 100,000 acres per year to the National Forest System for the last several years. By selling lands that are inefficient to manage or are isolated with limited ecological values and purchasing critical, environmentally sensitive lands, the Forest Service will maintain the integrity of the National Forest System while funding payments under the Act in a fiscally responsible manner.

INCREASED FUNDING OF THE NORTHWEST FOREST PLAN

The 2007 Budget also reflects the President's commitment to sustainable forestry in the Pacific Northwest through increased funding for the 1994 Northwest Forest Plan Amendments. The Northwest Forest Plan affects the management and administration of 24.5 million acres of Federal land, of which 19.4 million are managed by the Forest Service within 19 national forests in western Oregon, western Washington, and northern California. The Northwest Forest Plan was designed to produce a predictable and sustainable level of timber sales while protecting the long-term health of forests, wildlife and waterways of the region. The Plan has succeeded in meeting its environmental goals. A 2004 Forest Service review of the first 10 years of the Northwest Forest Plan found that the net gain in older forests since 1994 was between 1.25 and 1.5 million acres, over twice the 600,000 acres expected during the first decade of the plan.

The 2004 review found that the Plan has not been successful at providing a predictable level of timber and nontimber resources. In order to recognize the needs of all parties affected by the Northwest Forest Plan, the President's budget increases funding for the Plan by \$66 million, with \$41 million for forest products, \$6 million for hazardous fuels treatment, and the remaining \$19 million for assorted ecosystem management programs. This level of funding allows the Forest Service to offer in 2007 the Plan's goal of 800 million board feet of timber per year.

The economies of the Pacific Northwest have experienced marked change over the past 15-20 years. The region went from harvesting 10 billion board feet of timber in 1990 to 136 million board feet in 2000, and the forest economies of the region have suffered from the lack of a predictable timber supply. The goal of the Administration is not to return to the peak levels of timber production; instead, the FY 2007 budget provides for a sustainable, predictable level of timber harvest that also protects forest health. The current forest products economy offers great opportunities for businesses able to use new technologies and tap into expanding markets for new products.

With a predictable timber supply established, the Pacific Northwest will be better equipped to adapt and succeed in the changing forest products market.

One of the best examples of new opportunities in forest products is the rapidly expanding market for wood pellets as a fuel source. The demand for wood pellets for commercial and home heating has boomed as Americans face higher heating costs from traditional sources. Wood pellets suppliers have reported shortages from New Mexico to Rhode Island. Pellet producers, such as Forest Energy Corporation in Show Low, Arizona, are running their processing mills 24 hours a day and seven days a week to try and meet demand. In making the wood pellets, Forest Energy Corporation uses the small-diameter wood produced from hazardous fuels treatments in Arizona's national forests. Expanded funding for the Northwest Forest Plan will create similar win/win situations in which both sustainably harvested timber and the byproducts from hazardous fuels treatments are used to meet the growing demand for forest products.

In addition to meeting the Northwest Forest Plan's timber targets, the Forest Service will improve over 3900 acres of terrestrial wildlife habitat and 120 miles of fisheries habitat in FY 2007. The Forest Service has developed a comprehensive strategy for aquatic restoration within the Northwest Plan area to restore priority watersheds.

The President's Budget also enables the Forest Service to continue to emphasize the treatment of hazardous fuels in the wildland-urban interface and address the reforestation needs of recent large forest fires. With the expanded NWFP funding, the agency will continue to emphasize partnerships and integrated projects to protect municipal watersheds, recover habitat for endangered and sensitive species, and control the spread of invasive species.

The 2007 President's Budget provides \$610 million to continue implementation of the Healthy Forests Initiative, to reduce hazardous fuels and restore forest health. The budget proposal, more than a \$12 million increase over 2006, takes an integrated approach to reducing hazardous fuels and restoring forest and rangeland health. Along with \$301 million to the Department of Interior (DOI), the FY2007 budget provides a total of \$913 million to implement the Healthy Forest Initiative and the Healthy Forest Restoration Act.

Through the continuation of the Secure Rural Schools Act and through expanded funding of the Northwest Forest Plan, the President's Budget promotes sustainable rural communities and the expansion of a forest products economy that is compatible with improved forest health. These efforts, in combination with the President's continued support of the Healthy Forest Initiative, highlight the Forest Service's commitment to managing the nation's forests and grasslands with greater innova-

tion and renewed efficiency. I look forward to working with Congress to enact the President's FY 2007 budget.

Finally, today I would also like to announce our plan for establishing a number of advisory committees and councils throughout the country to afford communities and citizens the opportunity to provide input into the recreation fee program as prescribed in the Federal Lands Recreation Enhancement Act (REA) which was enacted into law as part of the 2005 Consolidated Appropriations bill.

In conjunction with the Department of the Interior's Bureau of Land Management (BLM) we will work with existing BLM Advisory Councils in seven western states (Idaho, Montana, Utah, Nevada, Colorado, Arizona, and New Mexico) to jointly use the seventeen existing councils in those states to provide a forum for public involvement in the recreation fee program for both agencies.

In addition, we will establish six new Recreation Resource Advisory Committees (RRACs) covering the Northeastern US, Southeastern US, the States of Oregon and Washington, California, Alaska and Nebraska. With the exception of the State of Alaska, these new committees will be established in association with the BLM.

We look forward to working jointly with the BLM to provide ample opportunities for citizens, communities and local governments to have an opportunity to present input on how the recreation fee program is administered in our respective agencies. We see this as a great opportunity to build support and understanding for the recreation fee program as well as provide an important communication link between government and the public. Thank you for your continued support of this program.

At this time I would be pleased to answer any questions.

The CHAIRMAN. Thank you very much. Now we we'll proceed with—Senator Bingaman since you had an opening statement, our side was next—Mr. Thomas.

Senator THOMAS. Well, thank you, gentlemen. I appreciate your comments. Obviously, there's a lot of reaction to the sale thing, Mark, that you mentioned, but most of us don't understand exactly what's involved yet, so that will be very useful. Let me go back to a couple of things. The budget includes \$66 million to fully fund the Northwest Forest Plan. That's a great thing to do. However, I'm concerned that that funding is at the expense of other national forests. Several in Wyoming have just completed their forest revisions. Those plans are not being fully implemented. How do you justify dramatically increasing funding in the Northwest while you leave the other forest plans out?

Mr. REY. What you're seeing in the forest management account, as well as in the hazardous fuels accounts, are increases in virtually all the regions. So, we don't believe any other region is suffering as a consequence of the decision to try to fully fund the Northwest Forest Plan. In the Pacific Northwest, the Northwest Forest Plan, which was developed by my predecessor, resulted in a very significant reduction in what were the timber sales levels at that time; the Northwest Forest Plan essentially calls for about one-seventh of what was the historic sales program. So, in that region, they dropped as dramatically or more dramatically than anywhere else. What we've tried to do is redeem a commitment made by our predecessors to fully fund that plan so at least that relatively lower level of harvest can be reached, while making sure that decision is not coming at the disadvantage of any other region, because those regions are showing increases as well.

Senator THOMAS. Yes, thank you. Fully funded is a little different than increases, however, and so I think that's some difficulty there in justifying that into the others. The proposal includes \$26 million for land acquisition. Why are you purchasing additional land when you are also recognizing that you need to dispose of some?

Mr. REY. The reason is that the kinds of lands we're talking about in each proposal are very different. The lands that we're proposing to dispose of are isolated tracts that no longer meet National Forest System needs. The lands that we would propose to acquire are lands that have high levels of ecological value and are acquisitions that will allow us to block up places where we'd like to have coherent land ownership to achieve broader land management objectives.

Senator THOMAS. Is there satisfactory funding or adequate funding to recover in the delisting of endangered species? That seems to be dragging along, and we seem to always have a shortage of resources there. And yet, this has strung on a very long time. Is this an adequately funded program now to get the job done?

Mr. BOSWORTH. My belief is that where we have species that we believe have recovered, species like the Yellowstone grizzly bear, that we do have adequate funding to do the work that needs to be done to develop conservation strategies. A lot of that is working very closely with the Fish and Wildlife Service, and with the States. I believe that we can move forward with the proposed funding.

Senator THOMAS. Well, I hope so, because that hasn't been the case. You talked about grizzly bears. We've passed the numbers for 15 years, and they're still not delisted.

Mr. BOSWORTH. I agree with you that it's taken a long time to get there. I don't think it's a funding issue as much as it is a red-tape-process issue.

Senator THOMAS. Yes, I understand, and I realize that the Fish and Wildlife Service is a major player here in this thing, but it does have some difficulty. The Healthy Forests Restoration Act contains a pre-decisional objective process and a streamlined judicial review process, both of which are designed to increase efficiency. How well are these processes working? Do you have a monitoring plan to demonstrate whether they're working or not working?

Mr. BOSWORTH. The tools that we got through the Healthy Forests Restoration Act and the Healthy Forests Initiative are working very well in my view, some working better than others. Some of the categorical exclusions that we used for a period of time allowed us to get decisions made much quicker and work done on the ground. In some cases, however, that tool has been affected by a court decision. We also are using stewardship contracting—we got the authority to do that under the Healthy Forests Restoration Act. We have 210 projects in stewardship contracting; those are working very well, and we intend to increase the use of those. It's a more complex program, so it's taken a little bit longer to fully implement, but we are moving forward with that as well. So, there are a number of tools and opportunities that we're picking up on, that's why we've been able to exceed our targets in fuels treatment each year.

Senator THOMAS. Good. Thank you. Well, I certainly don't have any particular objection to a reduction of 2 percent, but we have to be doing that over the whole budget. I think we need to make sure we allocate these things fairly among the various forests. Thank you very much. I'll stop there.

Senator BINGAMAN. Let me ask just a few questions, if I could. This community forest restoration program is something that we

enacted a few years ago. My understanding is that for the first time since it was started, this is proposed for zero funding in the budget. It's a very small program, \$5 million, but it's been one of the most successful forest restoration programs that we've seen. Is there a reason why we didn't fund it in this bill?

Mr. REY. The funding is going to be part of the overall funding devoted to the Healthy Forests Restoration Act, so we're planning to allocate the usual \$5 million or so to this program.

Senator BINGAMAN. Okay, thank you. I appreciate that. Let me ask about State Fire Assistance. The President's budget proposes a 30 percent cut in the Forest Service State Fire Assistance Program. And as I understand it, the budget would terminate the Department of the Interior's Fire Assistance Program altogether. It proposes a 55 percent cut to the Department of Homeland Security's Fire Assistance Grant Program. The Forest Service budget justification admits this program serves "an important goal of the national fire plan" and "is critical to protecting communities and resources from catastrophic wildland fires." Can you explain or tell me whether there's been a coordination between the Department of the Interior and Homeland Security in the decision that you've made to cut this program, and what are the policies that justify it? As I've indicated in my opening statements, the concern about catastrophic wildland fire is greater this year in my State than I can remember it being, because of the drought, and it seems that these are wrong-headed cuts.

Mr. REY. First, I can tell you that we have coordinated the decisionmaking with the Department of the Interior, as we do across all of the wildland fire accounts. That may not make you any happier with the decision, but it was taken together with our Interior agencies. We did not coordinate with the Department of Homeland Security. However, most of their assistance goes to urban first-responders. They're not very large in the wildland fire business.

Most of our assistance goes to wildland firefighting. As we looked across the wildland fire accounts, one thing that was very glaring is that we were going to have to budget substantially more for suppression, given the circumstances that you've described in the Southwest and elsewhere and given the increase in the 10-year average and suppression.

So, a substantial increase is shown in our suppression budget for this year. And in tight budget circumstances, you have to make tough choices. We didn't think we could short suppression, because that would mean that we would be falling short of our obligations for wildland firefighting on Federal lands. We also put a slight increase in there for volunteer fire assistance, because the volunteer programs have been more underfunded relative to the State programs in previous years. So, I guess all I can say is we did look at this together with our Interior Department colleagues and made some tough choices in a tight budget environment.

Senator BINGAMAN. Let me ask about the budget proposal with regard to the processing of mineral applications. We have a lot more leasing going on in the West. I know in Wyoming, Senator Thomas has seen a lot of that. We see a lot of it in our State. I think that's important in meeting our energy needs. The proposal

you have is to increase funding for processing of mineral applications, but at the same time, cutting by 70 percent the funds for environmental compliance. The BLM environmental compliance program has been woefully understaffed and underfunded. I guess I'm concerned that by cutting its compliance program, the Forest Service will find itself in the same circumstance. Do you have a justification or explanation for why we would be cutting the environmental compliance program by 70 percent?

Mr. BOSWORTH. In terms of the whole minerals, oil and gas program, what we're trying to do is work much more closely with the Department of the Interior and the Bureau of Land Management to leverage our resources in a more effective way to accomplish the environmental compliance as well as to do away with the backlog of permit applications. In addition to that, we're—as I said in my testimony, we're reducing our indirect costs significantly so we can take more of those dollars and apply those to the work on the ground. So, my belief is that when you take the aggregate of working together more closely with the Bureau of Land Management and the cost efficiencies that we'll have in place, we'll be able to do an adequate job of environmental compliance as well as remove the backlog that we have.

Senator BINGAMAN. I think my time's up, Mr. Chairman. Thank you.

The CHAIRMAN. Thank you. I will ask a few questions and make a few comments.

Senator Murkowski, you're after—you follow after I do mine.

First, thank you for your testimony. I understand how difficult it is when you're given the budget targets that you've been given. I know this Department has been given a smaller cut than many of the others, 2½ percent, but still, it's a very difficult one. So, I'd like to ask a couple of questions that cause me to wonder. Can you help me understand why you're recommending, for instance, selling 1.5 percent of the Forest Service lands in the State of Missouri, a State that only gets about \$2.6 million in payments, while you have recommended to sell .06 percent of the land in Oregon, a State that will get over \$260 million a year in payments?

Mr. REY. The land sales were proposals developed on the basis of where we had tracts of land that met the characteristics of being isolated, difficult and expensive to manage, and no longer meeting National Forest System needs. We own some of those tracts, you know, as much as a result of an accident of history as anything else. They are not evenly distributed throughout the National Forest System. In fact, their distribution is relatively irregular. Those sales are going to meet a national need. That is the——

The CHAIRMAN. I understand.

Mr. REY. Yes, okay.

The CHAIRMAN. I think I make the point because we have a Senator here. He's got a vote. He's going to look at this and say, does this look neat, Oregon gets \$260 million dollars a year, and I'm going to get \$2.6 million, and more of my land's being sold than theirs. It's not going to be so easy if we don't have something else in this mix besides what you have decided your formula for distribution would be. I thank you.

Senator TALENT. Mr. Chairman, thank you for anticipating my question. I appreciate that.

Mr. REY. I think that the other thing I would have said is that the formula for funding is obviously one that we'll visit with the committee on as we get into the re-authorization. The previous formula may be justified with some adjustments.

The CHAIRMAN. The road maintenance funding has decreased by over 50 percent over the last 5 years, according to what my staff tells me, and I see that the transportation plans for ORV and the forest plans eliminate more and more access to the forests. Between the wilderness, roadlessness and these plans, including your proposed road maintenance funding, I wonder if you really want people to come and visit the forests. I'm wondering why you need \$5 billion to manage the lands, when you don't seem to be willing to keep most of the roads open to the public. Am I missing something, or is this just a question of money?

Mr. BOSWORTH. Well, actually, we had over 200 million visitors to the national forests last year, and we welcome visitors to the national forests, so the direct answer to your question is we do want people to come to the national forests and enjoy them. Some of the things, like the off-highway vehicle policy, was an effort to provide for the needs of off-highway vehicle users, but do a better job of managing that use so that the next generation of users will also have a good opportunity to enjoy it. So, the decision was to have motorized vehicles limited to designated roads and trails or areas. We've had a lot of support from the motorized users for that decision, organizations like the Blue Ribbon Coalition. Now, we're in the process of working together with people from all sides of that issue to figure out which roads and trails.

As far as the road maintenance budget, that is a concern to us. On the other hand, we need to figure out where we're going to cut if we're going to meet our priorities and have a reduced budget. That's one of the places that we felt like we'd be able to take some cuts, but it's not without consequences. We'll again use the tools that we have, like improving our efficiency, working with partners—like counties and others—to try to get as much of that work done as efficiently as possible, but that's going to be a continuing concern.

The CHAIRMAN. Well, Chief, I want you to know that I understand you've got a tough problem, and I do think you're doing as good a job as you can. I don't—I just know these are tough ones when it comes to telling the public that they should have access, and at the same time, roadways are not being made sufficiently accessible. It's a very tough explanation.

You know, we have this giant program that we have to re-authorize, where a lot of county schools are depending upon very large quantities of Federal money. The law is pretty clear. It's going to expire. And given the risk of the Forest County Schools legislation not getting re-authorized, what should these counties that depend upon these Forest Service receipts be preparing for, in your opinion?

Mr. REY. Well, we hope the bill will be re-authorized. That's what we support and we want to work with the committee and the Congress to that end. But the situation will vary from county to

county. There are some counties who have been able to diversify their economies, and there are some who haven't. If this bill is not re-authorized, the ones who haven't will be facing rather dramatic and immediate reductions in their school budgets, and that's not something that we think ought to happen if it can be avoided.

The CHAIRMAN. There has been a recognition that certainly some of us who have none of the problem have been a big part of the solution—I think I have—but are we supposed to support these county schools forever?

Mr. REY. No, our judgment is that in some cases, as I've said, they've made the transition. In the re-authorization, if the funding formula is adjusted—the obvious candidates are getting less. The ones who haven't been successful are the ones who arguably should continue to get the money, albeit in our proposal it is a step-down fashion so that at the end of this 5-year transition, they've gotten themselves to the point of where they can be more self-sufficient. At the end of that transition, they'll still be getting their 25 percent share of timber receipts, assuming that we don't change the 1908 legislation. That share will be higher than it was when we passed the 2000 legislation because we've managed to stabilize and increase the receipt program.

If you look at that chart there, the blue line shows you what the receipt levels have been since the turn of the last century. What you can see is that we didn't generate those levels of receipts that the counties became dependent upon until the late 1970's and through the 1980's. What we'll be going back to at the end of our 5-year proposal is a receipts level that's comparable to what we were generating with county revenues comparable to those in the period of the 1960's and 1970's.

The CHAIRMAN. I have two very brief parochial issues. I see that you've reduced in a very small account, but important to us, Valles Caldera, to less than 20 percent of what it was last year. I thought we had your assurance in last year's hearing that the administration would fully support this year's funding; what happened?

Mr. REY. Well, we did fund it. We proposed to fund it at the level we proposed to fund it last year, and it is our continuing hope that the trust will eventually become more self-sufficient. We're happy to continue to work with you and Senator Bingaman to decide what the right level of funding going forward for 2007 is.

The CHAIRMAN. All right. My last one has to do with the Lincoln County Stewardship Program in the Lincoln National Forest. Can you speak to that, Chief? We had some assurance about that. Either you or the Secretary. Can you tell us what's going to happen and what you're going to do about that?

Mr. BOSWORTH. Well, the Lincoln National Forest is working closely with the tribe to develop a stewardship contract, which it's my understanding should be signed sometime in April. They've been working together now to come up with something that will meet both the Forest Service needs for work on the ground as well as the tribe's needs. It's also my understanding that there would be three timber sales that would be part of that stewardship contract of about five million board feet each. There would be some pre-commercial thinning that would be part of that stewardship contract that would do some restoration——

The CHAIRMAN. So, it's on the burner, and it's moving?

Mr. BOSWORTH. It's moving along, and I think it's going to work out well.

The CHAIRMAN. All right, thank you very much.

Senator Murkowski.

Senator MURKOWSKI. Thank you, Mr. Chairman. My colleague from Missouri has asked that I yield for one quick comment, and then I'll resume my questions.

The CHAIRMAN. Yes, indeed.

Senator TALENT. I want to thank the Senator from Alaska and the chairman for anticipating my concern. Mr. Chairman, I have a statement I'm going to submit for the record and some questions also, because you really hit what I was aiming at.

[The prepared statement of Senator Talent follows:]

PREPARED STATEMENT OF HON. JAMES M. TALENT, U.S. SENATOR FROM MISSOURI

Mr. Chairman, Thank you for holding this hearing on the U.S. Forest Service's FY07 Budget. I would specifically like more information on the Forest Service's proposal to sell portions of the Mark Twain National Forest in Missouri.

As you may know, the U.S. Forest Service is proposing to sell as much as 21,566 acres of Mark Twain National Forest to provide funding for a five-year extension of the Secure Rural Schools and Community Self-Determination Act.

This legislation called for in the budget request would grant the Forest Service authority to sell small tracts of forest land that are isolated or inefficient to manage, and use those funds towards rural schools and infrastructure. However, I'm extremely concerned over the way this bill is structured because there is no guarantee that the revenue provided will stay within Missouri.

The Mark Twain National Forest is one of Missouri's greatest treasures, and we should all work to preserve it for future generations. Many have opposed increasing access to the Forest.

As you know, Mr. Chairman, the Mark Twain National Forest isn't one contiguous tract of land. It is a series of small tracks throughout the southern and eastern portion of the state. It covers 1.5 million acres, in 29 Missouri counties. The area is diverse in vegetation, geological features, water resources, and wildlife. It includes seven federally designated wildernesses and numerous historical and archaeological sites.

Many people in Washington believe that any human management of our natural resources is inconsistent with their preservation. I think this is the exact opposite of the truth. The wise use and management of public land is necessary to the health of the environment. I will continue to support balanced measures that safeguard the health of our precious natural resources while improving the quality of life for people. I am not opposed to the sale of lands within the forest, if there is a safeguard that those revenues will be returned to Missouri. I don't want land sales in Missouri to pay for schools in California.

Senator TALENT. Chief, I just think we need some greater proportion than your proposal now has between the contributions, if you will, from various States and the receipts. As you know, you're proposing selling 21,566 acres from the Mark Twain National Forest in Missouri, which would be the third in terms of size in the country. And you know, our schools aren't getting anywhere near a third of the revenue, and I hate to sound parochial, but—actually, I don't hate to sound parochial. These schools need the money, and we view the Mark Twain as certainly a national treasure, but also as a Missouri treasure. So, I hope we can work together to try and equalize that.

Mr. REY. We'd be happy to work with the committee on both the formula and the selection of parcels to be considered for sale.

Senator TALENT. I appreciate that. I'm not opposed in principle to this, but I just think that we need to see more of the benefit

than we're now seeing. And just as a general comment, I know that payments have fluctuated in terms of how much from the program that the schools are getting. Just be sensitive to the needs and the issues that these rural school boards are facing. I mean, whatever in some kind of abstract ideological sense should be the case, they've come to depend on these payments, and we need to be very sensitive to them, because they're trying to educate these kids. There isn't anything more important that we're trying to do back home.

Mr. REY. Yes, for us, this isn't an abstract issue. These school systems are the school systems that many of our employees use to educate their children, so we're part of those local communities and deeply sensitive to the trials and difficulties that the school boards have.

Senator TALENT. Thank you. Thank you for yielding.

Senator MURKOWSKI. Thank you. Thank you, Mr. Chairman.

Secretary Rey, I appreciate you focusing your testimony on the Secure Rural Schools aspect.

And Mr. Chairman, I want to make sure that my full written comments, the opening statement, get included in the record, because I actually take a little bit of time to compliment the Forest Service and your efforts in working with us on the situation down in Ketchikan and working with Mr. Seley. We appreciate that, so I wanted to make sure that that's in the record.

I'm trying to understand what the proposal actually does to the schools and counties in Alaska. I'm looking at the payments in the various areas and recognize that in most of my areas in southeast, in the Tongass National Forest, we've got historic unemployment rates somewhere between 10 and 20 percent. The Yakutat area is at about 13.1 percent. Their payment this past year is \$705,000 and change. The reality that we face, and I know I'm not telling you anything you don't know, Mr. Rey, but we are in a situation in the southeast where we've got over 90 percent of our lands that are owned by the Federal Government. You have economies that are based on the forest. And so, for us to get to a point of self-sustainability or no further reliance on the timber industry is going to be very, very difficult in these areas.

So, what I'm trying to understand is what does this—what will this proposal mean to an area like the Skagway-Hoonah-Angoon, where they're looking at a 20-percent unemployment right now?

Mr. REY. With the current level of receipts and our proposed offset of an additional \$800 million to supplement that with guaranteed payments over 5 years, the program would be funded at, on the average, half the level that it was funded under the 2000 legislation. What we will be proposing to you when we send the language up here shortly is that we start with the first year of implementation at about the level that the counties enjoyed in total with the 2000 legislation and then start to step it down as we go forward through the 5-year re-authorization.

How that funding is distributed among the States and counties is something that we'd be happy to work with the committee about. One obvious alternative is to keep the formula that exists in the 2000 legislation. Another obvious alternative is to modify that formula for the purposes of equity or to better reflect those counties

that are still the most hard hit, as opposed to those that have actually done a pretty good job at beginning to diversify or, in fact, diversifying their economies. That's something that we can work with as we get into the re-authorization process.

Senator MURKOWSKI. Well, I think it's going to be imperative that there not just be a straight calculus—this is what you have to do—because as I've indicated, in certain parts of the State, we have no ability to go anywhere else. We don't own the land we—you know, we might be able to bring some more tourists in, but in terms of economic opportunity and the ability to diversify, I believe you know very well our problem there. So, if I understand what you're saying, an area like Yakutat, that last year received \$705,000, would get half of that?

Mr. REY. No, on the average, they—

Senator MURKOWSKI. On the average?

Mr. REY. Probably next year, they'd get pretty close to that level. The year after, we'd start stepping it down.

Senator MURKOWSKI. Stepping it down even further.

Mr. REY. Right. They would never go to zero, because they would always get their share of actual receipts, but it would drop as the guaranteed payment drops over the course of the 5-year authorization.

Senator MURKOWSKI. And, of course, that news is absolutely going to devastate them. My question, then, is what happens after the 5-year period? What would a community like the city and borough of Yakutat expect after that?

Mr. REY. If nothing else occurs, they would expect their historic share of timber receipts, 25 percent of the gross receipts from whatever we sell. We're hoping that that's more than it is today. It's more today than it was last year or the year before. That's if nothing else happens. I think it's probably a fairly sure bet, though, that toward the end of this 5-year re-authorization, we'll be looking at this again to see which counties are still in dire straits and which have been able to use the ensuing 5 years to continue the process of diversifying their economies.

Senator MURKOWSKI. It seems that one of the problems that we have here is, at least in Alaska, an ability to move forward with those timber sales, because of the delays, because of the litigation. So, on the one hand, we're saying we have to get the receipts in so that we can build this up, but we've got an inability to move, and we've been seeing this in the southeast. That's what you were working on with Mr. Seley's venture. So, there seems to be an inconsistency between what we're promising now and what we can expect down the road here. I don't know how you reconcile that.

Mr. REY. I think where the inconsistency comes in is not every region has reached that second transition, that I discussed, in stabilizing timber receipts. Region 10 is where we have the Tongass and where we have the greatest challenge. The other inconsistency is that not all the counties are in the same place economically; those are things we'll have to work on as we get into this re-authorization.

Senator MURKOWSKI. Well, know that we are very concerned about it. We'll be working with you as you move forward in this.

I have some other questions for the Chief, but I'll let my colleagues go.

The CHAIRMAN. Thank you. Senator Murkowski, I might ask, time-wise, can you be here for a while? Senator Salazar, it's your turn. I'm going to let you chair—I have a meeting—and you close it when time has expired. I want to thank both of you again for coming.

Senator SALAZAR. Thank you, Mr. Chairman, and welcome, Chief Bosworth and Secretary Rey. I have five questions, and I'm going to ask the questions and ask you to respond to them, if you would. They relate to the bark beetle problem that we have in the West and the South; the second, the land sale proposals; the third has to do with fire and fire assistance grants to State fire assistance programs; fourth, recreation funding relative to the relative funding in different areas of the country; and then the last question has to do with the Wolf Creek development in southern Colorado and the status of that.

My first question has to do with bark beetles, and I would direct that to you, Chief Bosworth. It seems to me that when 36 million or so acres have been affected by the bark beetle problem in both the South and the West, that we ought to be doing as much as we possibly can to deal with the problem of bark beetles. We included an amendment in the budget last year, and we have seen response back from the Forest Service on some of the plans that you have to deal with the bark beetle problem. However, the concern I have is that you are proposing to cut 49 percent of the money that was going to deal with the bark beetle problem. It's something that affects many of our States across the West and across the South, so it seems to me that it's a very significant retreat from our commitment to try to deal with the bark beetle problem, and I would appreciate your comment on that.

Second, with respect to the land sale proposal, I'm not opposed to land sales as a matter of principle, but it seems to me that if we're going to sell off some 300,000 acres, including some 21,000 acres in my State of Colorado, that we ought to be doing it as part of an overall coherent plan in terms of selling isolated parcels that are hard to manage. I know that's part of the Forest Service plans, but it seems to me that simply selling off 300,000 acres to deal with a budgetary issue is not the way that we ought to be managing our public lands through the Forest Service.

I'd like you to comment on that, if you would, Secretary Rey, because that's one that I'm going to be watching and I'm probably going to be fighting against, because I just don't think it's the right way to go, although I would be willing to work with you to come up with a longer-term plan on how we deal with these isolated parcels and then where we take the investments from those lands.

Third, on fire, you know the State Fire Assistance Program seems to be proposed to be cut by 36 percent. Given the drought that we have in many places across the West, including the southern part of my State, I'm just concerned about what that means in our assistance to the State fire agents.

And then, finally, on recreation, I was looking at the numbers relative to what Colorado's Region 2 receives in funding from the Forest Service, and we get about 60 cents per visit, as compared

to a \$1.06 per visit for Region 1 in the northern Rockies. And I was wondering whether you might explain that discrepancy in terms of the funding for the different regions. I think that may be a question for you, Chief Bosworth.

And then the final question—and this is to you, Secretary Rey—is simply about the Wolf Creek development, which has been a very controversial proposal in the southern part of Colorado. I would just like for you to give me and the committee an update on that to the extent that you can. I understand that it's in legal process as well. Please?

Mr. BOSWORTH. Okay, I would like to start with the question on bark beetles. We do have a significant bark beetle infestation in Colorado as well as other places in the West. It's my understanding that our co-op dollars that would go to Colorado will be an increase over what it's been. The 2007 would be an increase over 2006 because of the significance of the problem that we have there. We're also working very closely in Colorado with a group called the Northern Colorado Bark Beetle Cooperative to try to identify ways we could strategically locate the kind of treatments that need to be done to reduce the fire hazard and to increase the opportunity to utilize some of the dead material that's out there that would lower the cost of doing the treatments.

Senator SALAZAR. Are you going to be impacted in your program, though, with essentially what is a 50 percent cut in the funding level from last year to deal with bark beetles?

Mr. BOSWORTH. Across the country, Service-wide, that reduction will have an effect on our ability to pass dollars onto States, but it maintains the level for Federal lands. So, in terms of the national forest lands, we will continue at the same level of forest health dollars to do the work on bark beetles. So, for the Federal lands, it won't be reduced. For State and private entities, the dollars that we pass on to State foresters that are used on private lands, that's being reduced. The reason for that is that we're the only ones that can take care of the Federal lands. For the State and private lands, State and private landowners can also contribute to the treatments of those lands.

Senator SALAZAR. If you'd comment on it, I see my time is already up, but just go ahead and comment, if you will, very briefly on the remaining questions that I asked.

Mr. REY. Sure. As far as the Secure Rural Schools proposal, we view this as a comprehensive proposal that will play out over 5 years' time, over the length of this re-authorization. In the course of that, if the committee chooses, we can renegotiate the list each year of those 5 years rolling forward to decide which tracts to sell. We think that this is justified as a one-time proposition to provide the necessary additional time for a transition for these school systems. We also think it's justified because one of the reasons that some of these counties have been unable to diversify their economic base is the lack of a tax base, the lack of private land. Some of the lands that we would convey out of public ownership into private ownership will then be part of the county's tax base. So, there is at least some symmetry between the problem and our proposed solution.

With regard to fire preparedness, as I was telling Senator Bingaman, in a tough budget year where difficult choices need to be made, we had to increase our own suppression dollars because of what we expect will be a difficult fire year. We did increase volunteer fire assistance. We thought those were two higher priorities than state fire assistance, although that's something we're happy to work with the committee and the Congress about.

As to the Wolf Creek proposal, that issue is being decided at the regional office, and I believe they are within a couple weeks of a final decision. I emphasize that it's a regional decision, notwithstanding all the attraction that the issue has gotten, in part as a result of a business dispute that's gone bad between two parties that are suing each other and are heavily lawyered-up to try to get every advantage possible for their client.

Mr. BOSWORTH. I'll try to answer the recreation question that you had. It's always difficult, dependent upon how you want to compare the dollars, but if you compare it on a per-acre basis, that might be different than on a per-visitor basis. You can also compare, based upon back-country recreation versus developed recreation; we look at all those cost comparisons, but the point is that you're comparing Region 1 to Region 2, the Northern Region to the Rocky Mountain Region. The Rocky Mountain Region gets about 40 percent more dollars total in recreation than what the Northern Region gets. The layout of the land, the kind of visitors that come there, all that is taken into account. I'd be happy to have folks visit your staff and go over those figures more specifically and show you why we're going about distributing the dollars the way that we are, if you'd like.

Senator SALAZAR. Well, I thank you, Chief Bosworth and Under Secretary, for those responses. Let me just say two quick comments, one on the bark beetle problem. It just seems to me that it's such a huge issue for the entire West and the Southern part of our country that we need to do more, not less with it, and I'm afraid that a 50 percent cut in the national effort is going to exacerbate a problem which is so difficult to deal with already.

And the second and final comment—back on the land sales proposal, Secretary Rey—I think it would be one thing to have worked on this over a period of time with this committee and the Congress to get to the conclusion that we were going to dispose of 300,000 acres, as opposed to making it a part of the budgetary process, because I understand the management prerogative of selling isolated parcels of land, but I have concerns about the way that this all came about, and we'll see how we move forward with it in this Congress. Thank you very much.

Mr. REY. What we're trying to do is to be as transparent as possible in this proposal, and you have to start a proposal someplace. This was as good a place as any to start it, but this is something that we could continue to adjust and modify each year of the 5-years of the re-authorization of the Secure Rural Schools legislation, if that's what the committee chose to do. That's not something we would object to.

Senator MURKOWSKI [presiding]. Thank you. Senator Cantwell has asked that her opening statement be included in the record, which it shall.

[The prepared statement of Senator Cantwell follows:]

PREPARED STATEMENT OF HON. MARIA CANTWELL, U.S. SENATOR FROM WASHINGTON

Thank you, Chairman Domenici.

As you know, the vital County Payments program continues a nearly one hundred year old policy of providing fair and equitable compensation to the citizens of forest counties for their coexistence with federal lands. Simply put, without the support provided by the Secure Rural Schools and Self Determination Act, many rural communities in Washington would struggle to meet their basic needs such as adequate roads and good schools. It is imperative to forest-dependent rural communities in over 40 states and more than 700 counties nationwide that this law continues to be fully funded.

Senate Bill 267 which reauthorizes the Secure Rural Schools and Self Determination Act has strong bipartisan support on this Committee. I'd like to publicly thank Senators Craig and Wyden for their leadership and am proud to be a cosponsor of this legislation.

However, I fear that so much of this progress and essential support will be put at risk as a consequence of the Bush Administration's latest misguided proposal. The administration's plan outlined in the fiscal year 2007 budget proposal would sell off around 300,000 acres of public land, but would only partially fund the County Payments program at \$800 million. This funding level only provides half of the necessary funding for the program and only provides funding for the next 5 years. In short, this proposal is under funded, shortsighted, and is a non-starter for this Senator.

I am very concerned about the precedent of selling off public lands in order to cover short-term budget deficits. Federal forest lands represent an irreplaceable public treasure: cherished by hunters and fishermen, used for recreation, study, and education. In addition to these multiple purposes, these forest lands provide essential habitat for fish and wildlife.

Since the Administration's proposal was developed in DC with little or no input from the Forest Service's Pacific Northwest field office, we are anxious to see maps of exactly what lands are on the chopping block in Washington State. We do know that the President's proposal calls for the sale of 1,300 acres on the Mt. Baker Snoqualmie National Forest, 2,700 acres on the Wenatchee National Forest, 1,900 acres on the Colville National Forest, and 640 acres on the Washington side of the Columbia River Gorge National Scenic Area.

These lands represent an important legacy, which we have chosen as nation to protect for future generations. The proposal in this budget seems to undervalue this legacy by proposing to sell off our children's inheritance to pay down the debt. Such fiscal sleight-of-hand won't fool anyone.

To be sure, the County Payments program has proven effective, responsive, and essential to so many counties across the nation. We must support and sustain it with real funding in an adequate, responsible manner. Without this vital safety net, rural counties in Washington State will lose more than \$40 million dollars in irreplaceable funding for a variety of critical programs.

Skamania County in Southwest Washington is a good example. Almost 80 percent of Skamania is in the Gifford Pinchot National Forest, making it non-taxable by the county. Other large portions of land are owned by the state or timber companies, leaving only two percent of the county eligible to be taxed at full valuation. However, by leveraging funds from the County Payments program, places like Skamania County are able to still provide critical public services like education, emergency response, and road maintenance.

In addition, title two of this law has increased local community involvement and empowered local citizens through Resource Advisory Committees. These committees have helped cultivate a sense of ownership, promoting involvement in important projects such as improving wildlife habitat and water quality while reducing the threat of forest fires through fuels reduction efforts.

Ultimately, I believe this is a time to examine our priorities. Do we want to sustain a proven and balanced initiative that has succeeded for years in serving, supporting, and valuing the citizens of forest counties in their coexistence with federal lands? Or will Congress follow the Administration's flawed proposal by placing a price tag on our precious public lands?

I believe the answer is clear and I look forward to working with my Committee colleagues on this issue.

Thank you.

Senator MURKOWSKI. Senator Wyden.

Senator WYDEN. Thank you, Madam Chair.

Chief, when Senator Craig and I wrote this law 6 years ago, we thought it was going to work, but we had no idea how successful it would be. And in effect, as a result of bipartisan cooperation, literally all over the country, people who basically were battling each other are now collaborating. What we have done is converted all that confrontation into real collaboration on the ground with these resource advisory councils. And it just seems to me what you all are proposing is going to upend it. Let me be specific. By any calculus, about 50 percent of the money is going to be gone, and that's counting everything, the sales and possible money from timber receipts and a variety of other things. Under the public lands sales arrangement, my sense is, in the West, this would be a lawyers' full-employment program. There would be lawsuits virtually all through the West with people fighting about these sales. I have gotten the sense from local officials—I was with a big group in Medford the other day. I was essentially the only Democrat in the room. They were all Republicans, all of them concerned about this, not because any of us are just against any possibility for land sales in areas as it relates to forestry, but because it puts the program back into the ideological briar patch.

That's what Senator Craig and I wanted to avoid 6 years ago, and unfortunately, that's where we're headed again. And I'm just going to do everything I can to try to prevent that. I'm going to work with Senator Craig and Senator Domenici, and I know Senator Murkowski has got a great interest in this, because I just don't think we can play Russian roulette with these local communities. I mean, they're literally going to go over an economic cliff without these kinds of dollars, and I hope that you all will be receptive to working with us.

What are your reactions? I recognize this is a seat-of-the-pants kind of assessment, but what are your reactions, Chief, to looking at biomass projects as an alternative way to fund some of this legislation?

It seems to me we do something that's consistent with the Forest Health legislation, help the deal with this dead material on the forest floor. It's a long-term winner for rural communities. It's something where they can get into the electricity. For forestry, it's like a second—it's a second crop for the forest.

Would you be open to looking at biomass projects? We'd certainly work with the chair and colleagues on both sides of the aisle. Possibly some of the money from the energy legislation could be used. Would you be open to looking at that?

Mr. BOSWORTH. Well, let me first say that I have to agree with you that the Secure Rural Schools Act exceeded my expectation by a long shot in terms of the value of people working together through the resource advisory committees. Across the country, as you said, it's been very very successful, and that's why we're so interested in finding a way to re-authorize that legislation. We've looked for ways to do that, to offset the \$800 million, and something that will score as a mandatory offset. If there are other and better ideas out there, I'd be willing to work anytime with someone to come up with other ways of accomplishing the re-authorization

of the Secure Rural Schools Act. I think we all would, because it is something that is very important.

Senator WYDEN. And biomass, specifically your reaction?

Mr. BOSWORTH. I think it's an interesting idea if it scored out and if it would be an offset under these circumstances. The idea of utilizing and thinning forests is something that we're after, as you know, throughout the West. All that does is help us get these forests into better condition, and that's what we're trying to do through our fuels treatment kind of projects.

Mr. REY. The trick will be whether we can generate enough revenue from a different kind of offset and also whether it scores as a mandatory offset rather than a discretionary offset. But I agree with the Chief, we'll be happy to work with the committee to look at all options.

Senator WYDEN. Chief, I—

Mr. BOSWORTH. We look at a lot of options.

Senator WYDEN. I do want to tell you that our analysis of the law is that you all cannot sell public lands for this purpose without a congressional authorization, and I just want you to know that I'm going to do everything I can to try to prevent that, not because I am against any role for public land sales as it relates to forestry policy, but simply because I think it would take us back to the old days of confrontation, and we've managed to get beyond that, and I just don't want to see us go back in that regard. I sit on the Senate Budget Committee. I assume we'll have a debate there, but I think you'll be amazed at the number of westerners, almost all of them Republicans, who share my view. It is not a cut against any role for land sales, it's just they don't want to see us create, once again, the kind of battles that we had about public lands policy before the legislation that Senator Craig and I authored.

One last question, if I might, for both you and Secretary Rey, Chief. If we can find a bipartisan offset, something we all agree on, to fund the county payments legislation, I just want to make sure that you will be for full funding of the law. Because we've done the math, and our calculations are that 50 percent of the money is going to be gone, both if you take the land sales and any additional money for timber receipts. If we can get a bipartisan agreement for full funding of the law, would you be open to that, assuming that we have addressed the offset question?

Mr. BOSWORTH. Well, for us, the question again would be if we can keep within budget targets and if we can use your proposal or your idea about finding ways to offset, then I'm very interested in looking at other ways.

Senator WYDEN. So, I'm just going to operate, as we go into discussions with Senator Craig and Senator Murkowski and the others who've had a great interest in this—because that was what Mr. Rey testified to before with respect to the re-authorization, is that if we get an offset that's bipartisan, that we have all worked together on, we would have full funding of the program. I only bring that up by way of saying we've crunched the numbers, and under the best case, what we're dealing with now, with land sales and timber receipts, we're still getting a cut of 50 percent. And given how hard people are hit in the West, that's not something that we can take home and justify. For the Oregon congressional delega-

tion, this is, as far as I can tell, the top priority for this session, certainly my top priority as it relates to our State.

I see that we've got multiple chairs here, Chair Murkowski and the chair of my subcommittee, where we produced the Secure Rural Schools legislation, so let me give my time back because I want to let my co-architect of all this have his time.

Senator MURKOWSKI. Senator Craig.

Senator CRAIG. Thank you very much, Madam Chairman. Let me ask unanimous consent that my full statement be a part of the record.

Senator MURKOWSKI. Without objection.

[The prepared statement of Senator Craig follows:]

PREPARED STATEMENT OF HON. LARRY E. CRAIG, U.S. SENATOR FROM IDAHO

The President's budget reflects our nation's clear priorities for this year: win the war on terror, reduce budget deficits by reining in spending, create jobs and grow the economy, and boost America's energy independence.

In short, this budget is "leaner and meaner." And in the end, hopefully it provides for a more efficient government.

The budget provides funding and support for the Secure Rural Schools and Community Self-Determination Act. This program, which gives stakeholders a real say in how nearby national forests are managed, is also helping our timber-dependent communities to transition to a broader economic base and prepare for the future. Its purpose is to spur the economic activity these communities will need to survive and flourish, and I'm very pleased President Bush included it in the budget.

However, I do have significant preliminary concerns about the offsets proposed by the administration and look forward to receiving additional details.

To quote the Idaho Statesman, which I rarely do, however I feel this quote summarizes the feelings of many Idahoans, "We're skeptical as well [of the administration's proposal]. Not no-way, no-how opposed."

But based on the sheer size of what the U.S. Forest Service calls a "limited" sale, we definitely need some convincing."

As a curious side note, based on the way many environmental groups are responding to the administration's land sale proposal, I am left with the impression that they are content with the manner in which our public lands are managed and do not want to see any public lands sold.

Overall, I am pleased with the distribution of funds to the various accounts. I feel we need to continue to focus on fire preparedness and suppression, however with a decrease in rehabilitation and restoration, I am curious as to the administration's proposal to continue to manage our public lands in a sustainable way after the fires come—and the fires will come.

Senator CRAIG. Chief, welcome before the committee.

Mr. BOSWORTH. Thank you, I am glad to be here.

Senator CRAIG. We get to see The Honorable Mark Rey up here a lot, but we feel very honored by your presence this morning. Two feet on the snow on the level in the Council Valley.

Mr. BOSWORTH. They need that, the fuels—

Senator CRAIG. Three and a half feet in McCall, ten feet on the top of Brundage Mountain. How's that?

Mr. BOSWORTH. That is a good sign.

Senator CRAIG. That is a good sign. I wish that were true across the West. But certainly, in your old stomping grounds and mine, we would like to announce that the drought has broken. My guess is we won't do that, yet it's now raining out there, that rain that's on the Pacific Coast is making it into Idaho, and we'll see if that snow stays on the mountain. If it doesn't, we'll have a liquid disaster going on down the rivers.

But anyway, thank you all for being here. Mark, thank you for being here. Budgets are tight, and budgets are tough, and we know

that. I've just come from giving speeches before two groups that are anxious to see how budgets go. And certainly, Senator Wyden and I and others have expressed our concern about how we deal with the Forest Service budget and how we deal with this very, very important initiative that we have been able to work with you in putting together with our rural communities and certainly our Secure Rural Schools Act.

First of all—let me say it very directly—thank you for putting it in the budget, and keeping it there. And we, like I hope you, view this as a priority. We ought not walk away from the successes that we have had with our acts in bringing what were once parties and stakeholders in dispute together in a way that has, I think, tremendous opportunity for the future. We were able to bring decisionmaking, in some instances, back to the local level and working cooperatively with your organization in what has to be recorded as a very successful process. I don't know what the number is now, 2,000-plus initiatives, large and small, not one of them yet challenged in the court. We've got a better record than you have.

Mr. BOSWORTH. It's working well.

Mr. REY. Actually, some of them are now in court.

Senator CRAIG. Oh, don't say that, Mark.

Mr. REY. Sorry.

Senator CRAIG. But the point is, the collaborative process, with resource behind it to allow things to come together, even if it were small baby steps along the way, has been, without question, a success. Certainly, speaking to the sustaining of our rural schools and our roads and bridge networks within these rural timber-dependent counties is the other side of that coin. I just came from Idaho, having spent a week out there, and in many—I was in many of these communities, and obviously, they're very concerned. Some of them are moving along. Some of them are now experiencing economic diversity and some growth, and they've worked hard at it. And I was, very early on, one of those that told them this was not a permanent entitlement, this was an opportunity for transition and we'd try to keep people whole during that time. And I think that we see that as we work toward re-authorizing it.

I am one who has never believed that we ought to use surplus properties to supply the general fund. I've been involved too long in exchanges and moving properties around for the sake of management and efficiency in both private, State and Federal to suggest that we just sell it all off. At the same time, I also recognize these are bits and pieces, the 40's and 60's that really don't make a lot of sense.

It is ironic that you are with us today, because when we bought the ranch that your wife grew up on, in the middle of some of that private property was 160 acres of Forest Service land, totally fenced around by the Dopp estate. And I remember I went in and looked at all of that property and decided that it really did need some logging, limited logging and thinning and cleaning. Not only would it improve the timber stands, it would improve the grazing. Well, we didn't know where that 160's boundaries were. We certainly didn't want to touch it. It was Federal property. We spent a fortune finding those boundaries, and then I turned to the Forest Service and said, You know, you really ought to log this, it really

needs to be thinned and cleaned. And they said, Oh no, we're not interested in it, we can't touch it, won't touch it, didn't touch it. And so, we had this nice pasture, and 5 years later, it was growing and productive, and there were new trees, and then right in the middle of it was 160 acres that were dead and dying. And in part, that's the story we ought to be looking at, but I saw it firsthand to know the reality of it.

At the same time, are those properties that ought to be traded or exchanged other than sold? I know we're looking for revenue, and we're tight on revenue right now. And Senator Wyden has said it well, we'll do our work to see what we can do to offset and do some of these things. Because, certainly, at the top of my priority list this year is keeping this program intact, getting it re-authorized and moving it down the road.

Now, that's a small bite of a much bigger apple that you're all dealing with when it comes to our budgets and where we are with our initiatives and with healthy forests and those things that are, in the broader sense, tremendously important to the state of our national forests, but we'll work very closely with you as we work through these things. We thank you for being here, and we've got some very real challenges out there. I don't think this rain is hitting Arizona.

Mr. BOSWORTH. No.

Mr. REY. If I could just briefly respond, there are two misapprehensions I'd like to address. The first is that we looked at land sales as the first alternative for funding the re-authorization of this legislation. That's not the case. In fact, it was the last alternative because it was the only one that we could find that would score a mandatory offset to offset a mandatory expenditure so that it wasn't subject to annual appropriations. The second misapprehension I'd like to deal with is that these land sales and this proposal by definition have to be controversial. The history of land sale proposals before this committee and before this Congress over the last quarter century suggest that there are instances in the past when people have been able to work together to convey out of public ownership land that doesn't really belong in Federal ownership to achieve some other purpose. We're enjoying the fruits of that labor today as we invest the proceeds from land sales under the Southern Nevada Land Act and under the Educational Land Grant Act, under the legislation that the Congress approved last year for the Forest Service to sell excess administrative sites. We can make it controversial if we want, obviously, but we've acted at least three times in the last decade on similar proposals that proved uncontroversial because people were willing to come together and meet the three criteria that I laid out at the outset—precision, transparency and agreed-upon purpose.

Senator CRAIG. Well, Mark, I don't agree with any of those principles. In fact, Senator Wyden and I have started discussions about how we deal with this, and Ron's proposed maybe a very transparent public process of picking and choosing, and I'm certainly willing to look at those kinds of things also. I think when you involve the public in these kinds of issues, they look at the maps, they look at the acreages involved, and there is a new reality. There isn't just the reaction of no, heck no. Because, in all fairness,

that's how I tend to react to the concept. But we've also recognized property boundaries and patterns and what is and isn't workable and should and shouldn't be done, and I think that part of it is meeting the public test here, and that's part, I think, of what you've just outlined, and that's going to be critical, or this will not fly or any portion of it. Well, thank you very much, and we'll look forward to working with you.

Mr. BOSWORTH. Thank you.

Senator MURKOWSKI. Thank you, Senator Craig. Obviously, at least amongst those of us that have participated in the committee hearing this morning, this is an area of keen interest and certainly high importance in many, many of our States. Just to get off of the Secure Rural Schools issue just for a moment, one of the questions that I have been asked by my constituents to bring up this morning relates to payment of invoices. I hear from my constituents—and I'll give a specific example. We had a constituent from Craig who tells me that it takes 3 to 4 months to get an invoice through. And I understand that perhaps some of this may relate back to the situation with Hurricane Katrina and the effect on the system, but I'm told further that they really believe that it's a procurement management system, that essentially, your computers and USDA's computers don't work, don't talk. Can you tell me what the problem is and what you're doing to fix it so that the contractors don't have to take out a loan to pay their bills? What's going on?

Mr. BOSWORTH. About a year ago, we started centralizing the budget and finance part of our organization. We moved all of our employees that work in that arena that were willing to go to Albuquerque, New Mexico. We designed new systems to take care of payments, salaries, all the things we have to do in financial management. Most of those worked really well, but a couple of them we've had some problems with, one being payments. Then, of course, all of U.S. Department of Agriculture payments get paid out of our national finance center that's located in New Orleans. When that was hit by Hurricane Katrina, we had something like 500 or 515 employees there. While they had an alternative plan, we didn't have a plan for losing all of our employees that were there, so it's taken a considerable amount of time to get staff back up there. So, that's how we got there.

There are some problems in terms of integrating some of our systems. I have assigned one of our regional foresters to head up a strike team that's gone down to Albuquerque to get on top of the backlog, and at the same time, look at design changes in the way that we're processing payments so that we don't have another backlog. We want payments done in 30 days. I expect that backlog to be taken care of in the next 3 or 4 weeks. At the same time, we'll be redesigning the processes to straighten that problem out. Again, I feel that most of the things have gone very well there, but with that massive of a change, this is one that was a glitch and that we are getting it fixed. I think it'll be taken care of, and I'm very concerned about the people that are out there that aren't getting paid for 3 or 4 months—

Senator MURKOWSKI. Right.

Mr. BOSWORTH [continuing]. Some of them small businesses that are on a shoestring. We've tried to find a way to work around our

processes for people who are, in some cases, going to be foreclosed on by the bank, to make sure that we can just write a check and get it to them. We don't want people to be put in that situation.

Senator MURKOWSKI. So, if I've got folks that are coming to me still complaining that they haven't gotten paid, what do I tell them?

Mr. BOSWORTH. Tell them they should be getting paid very quickly. If they're not, then there's a phone number that we can get to you that you can pass onto them at our service center that is specific to payments.

Senator MURKOWSKI. Is it a 1-800, or is it direct to you?

Mr. BOSWORTH. No, well, it's not direct to me, but I can also give you my phone number, because if somebody has a big problem, I want them—I don't want somebody going bankrupt because we're not getting our payments to them on time.

[Note: The phone number for the Albuquerque Service Center is 1-877-372-7248.]

Senator MURKOWSKI. I appreciate that. Chief, I've got one last question for you. One of the issues that you hear coming out of Alaska certainly is the delays caused by litigation and appeals that are associated with the timber program. And what we hear from some of our folks is that the morale within the agency is dampened or somewhat diminished because of just what you have to deal with, in terms of the litigation and appeal. And it's been suggested that because of this, there are people within the agency that would prefer to focus on the recreation, the preservation, the restoration aspect of the Forest Service mission, certainly the path of least resistance.

I guess I'd like to know from you whether or not you feel that this is the case, whether there is a morale issue that affects the direction of the Forest Service, and the commitment to maintain and enhance the timber program in the national forests, does that remain in place?

Mr. BOSWORTH. Well, first, people hired on to work for the Forest Service are hired on to do work out on the ground, and most of them didn't hire on to write legal briefs and to try to build good administrative files for appeals.

So, when people can't do the work that they are hired on to do, whether it's to enhance wildlife habitat, to clean up streams, to treat fuels, or to sell timber, then they get frustrated. I think the morale has gone up and down over the past 15 years or so. My belief is that the morale was improving as we were getting some of these new tools that we were able to use for things like fuels treatment and the Healthy Forests Restoration Act. It still remains very problematic in places where we harvest timber and sell timber for the purpose of harvesting timber, not to do restoration kinds of work. So, many of these tools that we've received to do fuels treatment work can't be applied in those kind of places.

I think our folks do an amazing job out there, though, in places like Alaska, working through the bureaucratic legal maneuvering that takes place all the time in trying to get work done on the ground. I think that on the Tongass National Forest, they made some remarkable accomplishments in the last 6 months just trying to get a program that will work. The bottom line is that it does get

very frustrating for them, and we want to continue to try to develop processes and make the kinds of changes and adjustments that will allow them to get the job done with less finagling and less administrative paperwork.

Senator MURKOWSKI. And maintaining that commitment to allow for a timber harvest, not just, as I say, going what could be considered the easier route of the preservation——

Mr. BOSWORTH. All of those are parts that we are committed to, whether it's selling timber for the purpose of selling timber in those places, or whether it's managing for wilderness where we have wilderness areas. We are a multiple-use organization. We need to be committed to all parts of that, and I believe our people are.

Senator MURKOWSKI. Good, I appreciate that.

Mr. REY. For the record, we get sued over recreation projects too, so it's not necessarily that much easier sometimes.

Senator MURKOWSKI. I suppose that's true. Gentlemen, I thank you for your testimony. I appreciate you being here before the committee this morning. I understand that the chairman has directed that the committee will receive testimony for an additional 10 days, so if there's anything that anyone would want to include in the record. With that, I appreciate your time and look forward to working with you on these very important projects. With that, we stand adjourned.

Mr. BOSWORTH. Thank you.

[Whereupon at 11:35 a.m., the hearing was adjourned]

[The following editorial was received for the record:]

BUSH FOREST SALE PROPOSAL RUNS INTO BUZZ SAW

By Sean Paige

The Gazette (Colorado Springs, Colo.)

Buried in President Bush's multi-volume budget is a proposal—defensible once explained—that has generated more controversy than almost anything else in the document. The White House is proposing to auction off up to 300,000 acres of isolated, hard-to-manage National Forest land parcels to offset \$800 million the taxpayers are obligated to spend on a Secure Rural Schools program created in 2000.

But this rare stab at fiscal responsibility is too quickly headed for the wood-chipper, chewed up and spit out by knee-jerk critics before most Americans have a chance to think the matter through.

The proposal is a compound controversy, involving not just a sell-off of federal land—something sure to stir passions—but the phase-out of a federal program that directed more than \$400 million to rural counties last year.

The Rural Schools program, created by Congress to provide financial assistance to counties (predominantly in the West) with a large portion of federal land, is up for renewal, and politicians whose constituencies count on the largesse are loath to see it go away. These payments once came from timber and mining revenues. But with those revenues down sharply—what with the welcome mat rolled up for these industries on public lands—a larger and larger portion of these funds have to come directly from the Treasury. That adds to the budget crunch.

The White House wants to use \$800 million raised through land sales to fund a phase-out of Treasury raid, asking counties to once again live on timber receipt revenue. It's the fiscally responsible thing to do. But it's led to accusations that Bush is trying to auction off America's "natural heritage" and cut off rural school kids—a double whammy.

Much of the outrage is based on romantic but false ideas about the national forest system. The first idea is that every acre of this land is a "national treasure" we should never, ever part with. In fact, much of what's in the agency's sprawling portfolio has marginal aesthetic or ecological value, and might be put to better uses. The idea that the this proposal amounts to auctioning off the "crown jewels" is ridiculous.

According to Randy Karstaedt, the Forest Service employee charged with compiling the list of parcels in the Rocky Mountain region, two criteria were used to select the parcels. Most are small and isolated, sometimes lying beyond forest boundaries. Or they are lands that are difficult or expensive to manage, but don't add much to the forest as a whole. These types of parcels are sometimes used by the agency in land exchanges with private parties, which occur more frequently than the general public might realize.

Maps of the parcels will be available in several weeks as part of the public scoping process. Some will undoubtedly be removed from the list as more about them is known.

A second misconception is that the national forest system is, or should remain, an unchanging monolith chiseled in granite, when it's more akin to an organism that evolves and changes over time. The service today manages 193 million acres—a portfolio that has grown considerably in recent decades. An estimated 2 million acres was added in the last decade—690,000 acres since the year 2000. Thus, the 300,000 acres that might be sold represent .15 percent of agency holdings. That's less acreage than was added to the system in the year 2000.

The agency's goal isn't selling acreage, but generating revenues to pay for the schools program, so if less acreage is needed to meet the \$800 million goal, only that amount will be sold—a point missing from much of the commentary and coverage.

The federal government controls—and often mismanages—at least a third of the land mass in the United States (more if one counts military bases, Department of Energy holdings and Indian trust lands). In Western states, that percentage is significantly greater. State and municipal governments also own big chunks. And those holdings are growing, given the fad for open space acquisitions among state and local governments.

Uncle Sam's status as the world's most powerful—and most incompetent—landlord would not be jeopardized, in other words, even if whole forests were on the auction block. Any suggestion that the federal government will become land poor, or that we're auctioning off our posterity with this proposal, is preposterous.

Perhaps we should be looking for more opportunities to transfer a portion of the government's vast and poorly managed holdings into the private sector and onto the tax rolls. Think of the economic good that could do Western counties whose futures and fortunes are too closely tied to the vagaries of federal land policies.

This idea has merit. But it's almost certain to die a premature death, smothered under a blanket of rash and partisan rhetoric.

APPENDIX

RESPONSES TO ADDITIONAL QUESTIONS

RESPONSES OF MIKE JOHANNIS, SECRETARY, DEPARTMENT OF AGRICULTURE,
TO QUESTIONS FROM SENATOR DOMENICI

Question 1. I am concerned about ear-marking \$70 million in forest products, vegetation management, and hazardous fuel reduction to the Westside of Oregon and Washington.

Do you feel that the other Regions don't have as significant forest health issues? Just what is behind this shift in funding?

Answer. The Administration is committed to fully funding the Northwest Forest Plan. This commitment represents a shift in funding to northern California and western Oregon and Washington. We expect that there will be no net reduction in funding to any region with the combination of Forest Products and Hazardous Fuels, which is necessary for continued progress in the agency's critical vegetation management work. Forest health is a priority for the Administration and the Forest Service is committed to addressing the issue across the Nation. With full funding for the Northwest Forest Plan, the agency can offer 800 MMBF of timber volume, improve over 3,900 acres of terrestrial wildlife habitat and 120 miles of fisheries habitat; treat hazardous fuels in the wildland urban interface and municipal watersheds, and address reforestation needs of recent large wildfires.

The Forest Service determines within each region where the Forest Products funding should be allocated to best support forest management programs, while using Hazardous Fuels funding to address the highest priority fuel reduction needs.

Question 2. I see that you have reduced the funding for Valles Caldera to less than 20% of what it was last year. I thought I had your assurance, in last years hearing, that the Administration would more fully support this funding.

Why the increase in Forest Legacy funding, while decreasing funding for Valles Caldera?

Answer. The FY 2007 President's Budget for the Forest Legacy Program (FLP) is \$61,515,000, which is \$4,979,000 above the FY 2006 enacted. The number of States participating in the FLP continues to increase, with six new States in FY 2006 and an anticipated three more in FY 2007. In addition, for the FY 2007 national selection process, the Forest Service received 91 project proposals totaling more than \$204 million. The FLP will assist in the protection of important forest resources as real estate prices swell and development pressures on private forests increase.

The FY 2007 President's Budget reflects the President's commitment to providing the critical resources needed for our Nation's highest priorities: fighting the War on Terror, strengthening our homeland defenses, and sustaining the momentum of our economic recover. This has required some difficult decisions to be made. In this context, the FY2007 request for Valles Caldera is \$990,000, which is consistent with previous years' budget requests. The Forest Service supports the Valles Caldera National Preserve, and is aware that the Preserve is working towards financial independence as required in the Act that established the Preserve. In FY 2005, the Preserve collected over \$650,000 in revenues from such sources such as recreational fees, use fees, occupancy fees, and donations from public and private sources. These collected revenues supplement the appropriated funds and are immediately available for the administration, preservation, restoration, operation and maintenance, improvement, and related expenses of the Preserve. The Forest Service also provides approximately \$40,000 worth of fire services to the Preserve annually.

Additionally, in FY 2006 the Forest Service is requesting approval from the Appropriations Committees to reprogram \$3 million to Valles Caldera to acquire outstanding mineral interests pursuant to the Valles Caldera Preservation Act of 2005. Negotiations have been unsuccessful and it has become necessary for the agency to

file a condemnation action. The \$3 million will be used to cover just compensation for the taking and litigation costs upon condemnation.

Question 3. Last year in the Interior Appropriations Conference Report we asked for a report on the percentage of fuels reduction contract that provide small diameter materials to small (less than 25 employee) companies, large commercial sawmills, or biomass facilities.

What is the status of that report and when will you deliver it to our Committee?

Answer. The Forest Service currently tracks biomass in acres treated with biomass utilized (hazardous fuel reduction), green tons offered for bioenergy, and volumes offered for biobased products (forest products activities). At this stage, the agency does not track information relative to recipient of material (small company, sawmill, etc.) or the final use for the material (energy, furniture, construction material). The new Forest Activity Tracking System (FACTS) will allow the agency to track more detailed information on biomass utilization. FACTS will be operational for all hazardous fuel and restoration activities for fiscal year 2007. Status reports will be available periodically at that point, with a formal report provided at year-end.

Question 4. What system has the agency put in place to track this information?

Answer. Starting in fiscal year 2007, the agency will use the new Forest Activity Tracking System (FACTS) to track biomass utilization information in greater detail than currently available. FACTS will be operational for all hazardous fuels and restoration activities for fiscal year 2007. Status reports will be available periodically at that point, with a formal report provided at year end.

Question 5. Last year in the Interior Appropriations Conference Report we asked for a report on the percentage of fuels reduction contract that provide small diameter materials to small (less than 25 employee) companies, large commercial sawmills, or biomass facilities.

Finally, what are your plans to share this with the public?

Answer. The Forest Service Woody Biomass Utilization Team is very active with the agency's Partnerships office to promote biomass utilization by the public. A key element in that effort will be to share biomass information as widely as possible to assist communities, small businesses, and large commercial operations. The Forest Service is also a key member of a collaborative pilot project with industry, environmental NGOs, and other Federal agencies to provide a consistent and reliable supply of small diameter material from Federal lands.

Question 6. I see that you have requested nearly \$2 million to rebuild a District Office on the Lincoln National Forest.

Can you tell me why this should be a higher priority than, funding the Valles Caldera Trust, or working with the Mescalero-Apaches to develop an Indian Stewardship project?

Answer. The Sacramento Ranger District on the Lincoln National Forest was consolidated from three separate ranger districts into one district in 1992. This project will consolidate on one site the functions, employees, and facilities presently scattered over several locations. The project will address numerous safety and accessibility issues and will decrease the deferred maintenance backlog on the district by approximately \$1.4 million. In addition, the project will benefit the community by centralizing district programs in a single location, providing "one stop" shopping for the public. The sale of the existing sites will benefit the community by providing the opportunity for additional commercial properties in the downtown area.

Question 7. I am also told that when we directed that forest to produce a 15,000 acre Indian steward contract that the forest decided that it would forgo its green timber sale program, after this first year, to produce the Indian Stewardship project. I am unaware that our language included any waiver of the Lincoln National Forest's responsibility to produce both a green timber sale program and the 15,000 acre Indian Stewardship contract.

I am also told that the agency not too many years ago developed a feasibility analysis that indicated that the Lincoln National Forest could produce 10 million board feet of green timber sales if properly funded.

I want your assurances that sufficient funds will be allocated to the Lincoln National Forest to offer 10 million board feet of green timber sales per year and the 15,000 acre Indian forest stewardship project. Also please tell us how much funding in the various accounts will need to be allocated to the Lincoln National Forest to accomplish this work in FY 2007 and beyond?

Answer. The President's FY 2007 budget provides for hazardous fuels treatments and timber sales that will allow the Lincoln National Forest to maintain a program of about 6.5 MMBF from 9"+ trees, plus an additional 60,000 green tons (approximately 9 MMBF) of 5-9" trees. The acreage treated would be about 13,000 acres annually. This could be prioritized to the tribal stewardship contract; however, doing

so would reduce treatments on the remainder of the Lincoln National Forest, including some critical wildland urban interface areas surrounding Ruidoso, New Mexico.

Additional funding in 2007 would not lead to immediate increases in treatments due to organizational limitations, pre-treatment data collection, and environmental analysis work that are required before project implementation.

Question 8. I have been pouring over your proposed allocations for funding for the Regions and, quite frankly, I am confused. I see that in Region Five (which contains only 10.47% of the net lands within the National Forest System) you have proposed to allocate 16.23% of all funds being allocated out to the regions to Region 5. I see they would get 31% of the fire preparedness funding; 24% of the fire suppression funds; and 19% of the fire rehabilitation and restoration dollars.

I see that your proposing to send 13.5% of the wildlife and fisheries funding; 19% of the forest products funding; 16% of the roads funding; 21% of the infrastructure improvement funds; 41% of the brush disposal funding; 27% of the timber sale salvage funding; and 16% of the other trust funding to Region Six, a region that only contains 12.87% of the lands in that National Forest System.

As I look through your proposed allocations, I have to believe that the intermountain and eastern regions are getting short-changed to support Region's Five and Six which no longer produce the program outputs that they once did.

Can you explain your allocation criteria for each of the line items within that National Forest System and Wildland Fire accounts to help us better understand the disparity in funding from region to region?

Answer. Hazardous Fuels Reduction (WFHF): The agency is developing a new allocation system for WFHF for implementation in FY 2007. It will include a decision support model to define those FS Regions with a large fire problem that can be addressed through hazardous fuel reduction activities. The final criteria may include: fire hazard, ignition risk, consequences or values at risk, ecological restoration opportunity, efficiency, and appropriateness and feasibility of treatments.

A team is in place to evaluate these criteria and identify nationally consistent or comparable data sets that support each of these elements. All of this data will ultimately be presented as geospatially referenced information. Upon completion of the decision support tool, the agency will develop a methodology to apply this geospatial information to the allocation. The agency will continue to seek the input and assistance of Congress in the evaluation of the proposed process.

Preparedness: Regional Preparedness funding is based on fire planning analyses completed in the early 2000's under the Agency's fire planning and budget process, the National Fire Management Analysis System (NFMAS), and current Congressional direction to maintain staffing and production capability levels comparable to previous years.

Suppression: Suppression funds are not currently allocated to Regions, information displayed in the President's Budget is associated with Indirect Costs assigned to the Suppression account based on current direction and policy. These costs are based on the number of full time equivalent (FTE) employees working in activities funded through the Suppression account.

The Administration remains committed to improving budget and performance integration. The Administration will formulate and execute budgets that place an increased focus on results based on improvements in Forest Service accountability, effectiveness, and efficiency to improve the management and performance of its programs. This will mean a greater focus on investments in programs that can achieve demonstrably greater results for the same or lower cost, rather than historical funding allocations. These factors, coupled with budgetary constraints, are likely to lead to variances year-to-year in regional allocations.

RESPONSES OF MIKE JOHANNIS TO QUESTIONS FROM SENATOR THOMAS

Question 1. The budget includes \$66 million to fully fund implementation of the Northwest Forest Plan. I applaud your emphasis on forest plan implementation. However, I am concerned that the President's budget proposes to fund the Northwest Forest Plan at the expense of other programs—particularly the National Forests in Wyoming.

a. As you know, the several national forests in Wyoming have just completed their forest plan revisions, and those plans are not being fully implemented. In addition, we have severe insect epidemics on several Forests in Wyoming.

b. How do you justify proposing dramatically increasing funding to the Northwest, while at the same time cutting funding to implement Forest Plans in Wyoming and around the rest of the country?

Answer. President Bush has made a commitment to fully implement the Northwest Forest Plan and achieve the increased level of timber harvest promised under

that plan. The Forest Service budget meets that commitment. At the same time, the President's FY 2007 Budget provides for no net reduction in funding to any region within the combination of Forest Products and Hazardous Fuels, which is necessary for continued progress in addressing the agency's critical forest health work.

Question 2a. One of your legislative proposals is to sell 300,000 acres of Forest land to fund \$800 million of Forest county payments under the Secure Rural Schools and Community Self Determination Act for 5 years.

How much public involvement would there be in this process?

Answer. Prior to conveyance, a notice of the proposal to convey each parcel will be published in a newspaper of general circulation. In addition, most properties would be offered competitively and would be widely advertised and marketed to the public. The proposal also requires that land authorized for disposal under the Act first be authorized to eligible entities before offering the land to the general public. An eligible entity is defined as a State or local government, and Indian tribe, or a non-profit organization.

Question 2b. How much of the land proposed for sale has been identified for disposal in the Forest Plans?

Answer. Most forest plans do not specifically identify tracts for disposal, but instead identify criteria that should be used in prioritizing and determining the appropriateness of disposal. It is not known how many of the tracts on the potentially eligible lands list may have been previously identified for past exchange proposals.

Question 2c. What is the rationale behind ending the County Payments after 5 years?

Answer. The original Secure Rural Schools (SRS) legislation was designed to be a transitional measure to allow States and counties to readjust their priorities and programs so that they are no longer dependent on a higher level of funding from national forest receipts. Currently there are counties at different stages of making this transition. Consistent with this situation and need, the Administration is proposing to provide a funding source for the next 5 years to enable a temporary extension for States and counties to make the transition so that the program can terminate as originally designed. Under the legislative proposal, States will continue to receive their share of 25 percent fund payments under the 1908 Act after the 5-year extension period is over.

Question 3. Your proposal also included over \$26 million for land acquisition. How many acres of land do you propose to purchase? Why purchase additional land when we have trouble managing the land already owned by the federal government?

Answer. The President's Budget proposes \$16.8 million for the acquisition of specific tracts of lands, approximately 10,100 acres in total. The additional \$8.3 million will be used for acquisition management costs, such as appraisal, survey, and title work, as well as some cash equalization for land exchanges. Tracts identified for acquisition have strong local support, political support, offer significant opportunities for high value recreation, aid in protection of threatened and endangered species habitat, and may protect cultural resources. Lands targeted for acquisition will enhance current National Forest System ownership and management.

Question 4. Do you have adequate funding to support recovery and delisting of endangered species that live in National Forests—particularly grizzly bears, wolves, and Canadian lynx?

Answer. The U.S. Forest Service is an active participant in the recovery effort of several federally listed threatened and endangered species that live in or near national forests and grasslands. Recovery efforts include restoration of suitable habitat, support of resident populations, and reintroduction of species. Grizzly bears, wolves and lynx are only three species for which measures have been taken by the agency to aid federally listed species. The FY 2007 President's budget for wildlife and fisheries habitat management is sufficient to aid in species recovery and habitat management.

The Grizzly Bear Conservation Strategy includes the following elements: (1) Population Standards and Monitoring, (2) Habitat Standards and Monitoring, (3) Management and Monitoring of Grizzly Bear/Human Conflicts, (4) Information and Education, (5) Implementation and Evaluation, and (6) Biology and Monitoring Review. The Conservation Strategy is the product of several years of collaboration between the six National Forests, two National Parks, Fish and Wildlife Service, Bureau of Land Management, Tribal governments, County Governments, and the States of Wyoming, Idaho, and Montana and was signed by all parties in 2003. Forest Plan Amendments are proposed as regulatory mechanisms to support delisting of the Yellowstone grizzly bear population as a threatened species under the Endangered Species Act.

The agency is participating in the Gray Wolf Recovery, in Minnesota, Yellowstone, and throughout the wolf's range.

Canada lynx recovery activities are ongoing, and several national forests are in the process of identifying and adopting lynx conservation measures, as Forest Plan amendments, under the National Forest Management Act. Two Draft Environmental Impact Statements were released to the public for review and comment, and Final Environmental Impact Statements are being prepared. The Conservation Agreement is an interim measure meant to reduce or eliminate adverse effects of proposed projects to lynx and occupied habitat until long-term conservation measures are in place.

Question 5. My understanding is that the Forest Service can appropriately use multiple funds for projects that have multiple objectives, for instance, hazardous fuels funding and timber sales funding for a project to harvest timber in order to achieve objectives for reduction of fire risk. I'm concerned that many timber sale projects are designed to achieve multiple objectives, but are funded primarily or solely with timber sales funding. Do you believe the FS is multi-funding projects to the degree possible?

Answer. Yes, the Forest Service is doing this to the maximum extent possible. It should be noted that the funding mix for any project is based upon the purposes of the proposed action rather than upon the benefits to be derived from the project. In some cases, the purpose and need for the project may be to reduce hazardous fuels and the project will be accomplished through use of a commercial timber sale. In that case, Hazardous Fuels funds would finance the environmental analysis work and Forest Products funds would finance the timber sale. This is in keeping with the agency's Primary Purpose policies and the use of the funds as described in the agency's budget justification.

Question 6. The Healthy Forest Restoration Act contains a pre-decisional objection process and a streamlined judicial review process, both of which are designed to increase efficiency of decision-making and project implementation. How well are those processes working? Do you have a monitoring plan to demonstrate how well they are, or are not, working?

Answer. The Forest Service is beginning to monitor planning and implementation of Healthy Forests Restoration Act projects along with all other projects through its new Planning, Appeals, and Litigation System (PALS) database. Fiscal year (FY) 2005 was the first full year of implementation for the planning portion of this tracking system. As data for FY 2005 are still being reviewed, no statistical conclusions concerning efficiency may yet be made. The appeals and litigation portions of this tracking system are still being developed.

Question 7. Have you compared the average cost of NEPA compliance using Healthy Forest Restoration Act authorities to the same costs on non-Healthy Forest projects, and so, how do those costs compare?

Answer. Dollar cost comparisons have not been made between Healthy Forests Restoration Act projects and hazardous fuels reduction projects planned under other authorities. However, the Forest Service is beginning to track the time involved from scoping to decision for projects of these types through its new Planning, Appeals, and Litigation System (PALS). As this tracking system is perfected, time comparisons between Healthy Forests Restoration Act projects and hazardous fuels reduction projects planned under other authorities will be possible.

RESPONSES OF MIKE JOHANNIS TO QUESTIONS FROM SENATOR MARTINEZ

Question 1. The Forest Service FY 2007 Budget proposes the sale of 973 from the Ocala National Forest in Florida. According to your testimony regarding the sale of National Forest land, "Many of these lands are isolated from other contiguous National Forest System lands, and because of their location, size or configuration are not efficient to manage as a component of the National Forest system."

How would you characterize the lands being sold in Florida?

Answer. Of the 14 tracts on the Ocala National Forest that make up the 973-acre total, approximately 50 percent is considered wetland or "swampy". These tracts are situated near the Ocklawaha River, and are influenced by the associated perennial streams and floodplain. Mixed vegetation exists on the tracts, with little timber value estimated for the bulk of the acreage. Several tracts are surrounded by State-owned land managed by the Office of Greenways Trails. The State manages acreage in this area previously acquired for purposes of the defunct Cross Florida Barge Canal.

Question 2. According to concerned constituents in my state, the Ocala National Forest absorbs and filters more pure drinking water than any other place in Central Florida. What sort of steps did the Administration go through to determine that these lands in the Ocala National Forest were not important enough to be pro-

tected? What sort of mitigation is being done for the impacts on drinking water for central Florida?

Answer. The Forest Service has long recognized the importance of the springs that provide drinking water originating in the Ocala National Forest. Recharge areas have always been managed and protected to insure high quality water, and these standards are clearly defined in the land management plan. There is only one water quality issue that has arisen recently and that involves elevated fecal coliform bacteria levels near Juniper Springs. Suspecting that nearby public toilets could be causing this problem, the forest took immediate action to replace them. Groundwater monitoring will be conducted to insure that no leaks exist. There are septic systems on private lands located within the forest boundary. The agency does not have regulatory control over their permitting or maintenance, nor does the Forest Service seek such authority. If elevated coliform bacteria levels persist, it may be due to poorly functioning private septic systems.

Question 3. Florida is a fast-growing state. In the next census it is expected that our population will surpass New York in the next census and we will be the third most populous state in the country. I am concerned that as our state continues its unprecedented growth, we could lose our limited amount of public land and wetlands.

What type of commitment are USDA and the Forest Service willing to make to ensure that we will not continue to lose our valuable open spaces?

Answer. The loss of public lands has been identified by the Chief as one of the four greatest threats to the public lands administered by the Forest Service. The agency recognizes the importance of wetlands and wetland habitat which are often embedded within the larger forest ecosystems. Land management plans include guidelines, standards, and a specific set of recommendations for maintenance, restoration, and protection of these embedded habitats. Bogs, flatwoods, coastal plain sinkholes and ponds, swamps, and marshes are each addressed within land management plans. In addition, these wetland habitats are specifically managed for the unique characteristics intrinsic to each system, often in conjunction with, or complementary to, management actions taken on the upland forested sites. In the Administration's proposal, tribes, local and State governmental entities, and land conservation non-profit organizations will be given the first chance to acquire offered properties at market value. Also, where needed to protect the public interest, the Secretary may reserve or restrict use on the offered lands.

The Department and the Forest Service are committed to meeting the growing demand for open space to counteract the increasing urbanization and development of rural landscapes. The loss of public lands has been identified by the Chief as one of the four greatest threats to the public lands administered by the Forest Service. The agency recognizes the importance of wetlands and wetland habitat which are often embedded within the larger forest ecosystems. Land management plans include guidelines, standards, and a specific set of recommendations for maintenance, restoration, and protection of these embedded habitats.

The President's FY 2007 budget requests \$61.5 million (a \$5 million increase over FY 2006) for the Forest Legacy program to meet the growing demand for private forestland conservation. The Forest Legacy program provides financial incentives to private landowners to conserve their forests to prevent conversion and fragmentation.

In addition, through the Land Acquisition and Land Exchange Programs of the Forest Service, National Forest lands have seen a net increase of over 417,000 acres in the last five years, which contribute as a valuable component to the preservation of open space on Federal lands.

Question 4. How much revenue do you expect to be generated from the sale of land in the Ocala National Forest? Do you expect that it will adequately meet the needs of rural school systems in Marion, Putnam, and Lake Counties?

Answer. Currently the Forest Service has identified 973 acres of land within the Ocala National Forest as potentially eligible to be conveyed to provide receipts for the Administration's proposal to fund an extension of the SRS Act. We have identified over 300,000 acres of national forest lands from across the country that are potentially eligible for conveyance under the proposal. The intent is to sell enough National Forest System land to provide \$800 million for a 5-year extension of the SRS Act.

The value of individual parcels of land will be determined through appraisals or by competitive sale once they have been identified and approved for conveyance. There have been no appraisals of the lands identified on the Ocala National Forest. Approximately 486 acres of the total 973 acres are upland and possibly suitable for development. The remaining lands are wetlands and submerged lands that would have more limited utility. The Administration's proposal is to create a national land

sales fund to provide a funding source for the program, which meets the President's commitment to States and counties that have been impacted by the ongoing reduction in receipts primarily due to lower timber harvest levels on Federal lands. The proposal does not intend for there to be a direct connection between the number of acres sold within a State or Forest to the payment that is made under the Secure Rural Schools Act.

Question 5. How much of the proceeds generated from the land sale will stay in Florida?

Answer. The proposal does not intend for there to be a direct connection between the number of acres sold within a State or national forest to the payment that is made under the Secure Rural Schools (SRS) Act of 2000. The proposal does provide, where feasible, for regional equity to be considered in the selection of lands that may be available for disposal under the Act. The SRS Act addresses the decline in recent years of revenue from timber harvest received on Federal land, which have historically been shared with counties. These funds have been used for schools and roads. The proposed amendment to SRS provides payments that would be continued an additional five years. Provisions will be incorporated to cap those payments, adjust the current payment schedule downward each year and eventually phase out payments. Payments under the proposal will target those areas most affected by the loss of timber receipts.

RESPONSES OF MIKE JOHANNIS TO QUESTIONS FROM SENATOR TALENT

Question 1. More than 21,000 acres are on the chopping block in Missouri, second only to California and Idaho. How is the revenue distributed back to the school districts? Will Missouri receive the 3rd most funding as it is slated to be a top seller?

Answer. The Administration's proposal is to create a national land sales fund to provide a funding source for a program that meets the President's commitment to States and counties that have been impacted by the ongoing reduction in receipts primarily due to lower timber harvest levels on Federal lands. The proposal does not intend for there to be a direct connection between the number of acres sold within a State to the payment that is made under Secure Rural Schools and Community Self Determination Act (SRS). However, the proposal does provide, where feasible, for regional equity to be considered in the selection of lands that may be available for disposal under the Act.

The proposed amendment to SRS provides payments that would be continued an additional five years. Provisions will be incorporated to cap those payments, adjust the current payment schedule downward each year and eventually phase out payments. Payments under the proposal will target those areas most affected by the loss of timber receipts.

Question 2. Will there be any effort to ensure that revenues generated from these land sales will be distributed back into the school districts that are impacted?

Answer. The SRS Act of 2000 addresses the decline in revenue received in recent years from timber harvest on Federal land, which has historically been shared with counties. These funds have been used for schools and roads. For each year of the current authorization, the law allows States to receive a payment from the Federal Government based on the State average of their top 3 years of receipts from National Forest System and BLM lands received during the period of 1986-1999.

The purpose of the Act is to stabilize payments to counties that help support roads and schools, provide projects that enhance forest ecosystem health, and provide employment opportunities, as well as to improve cooperative relationships among Federal land management agencies. During the current authorization period of SRS, funds for these payments have come from national forest receipts and Treasury receipts. The Administration's proposal is to convey a limited number of National Forest System land parcels to provide a funding source for SRS once reauthorized. These payments will be targeted to the most affected areas, capped, adjusted downward each year, and eventually phased out.

Question 3. What level of input will the public and the local community leaders have in determining which lands go on the market?

Answer. The Forest Service received no public input regarding the identification of the potentially eligible list. A Federal Register Notice was issued on February 28, 2006, inviting comments on the proposal and the parcel list. However, the public has been encouraged to comment on the list as of the date that the list was made public following the delivery of the President's Budget to Congress. All comments received before, and in response to the Federal Register notice, are being reviewed. Parcel-specific comments will be shared with the appropriate field units.

Question 4. What efforts will you take to ensure that these lands are well managed?

Answer. Tribes, local and State governmental entities, and land conservation non-profit organizations will be given the first chance to acquire offered properties. Also, where needed to protect the public interest, the Secretary may reserve or restrict use on the offered lands, for example, to secure continued public access or protect a significant historic resource.

Question 5. The MTNF has a great deal of historically significant areas? Are any of these areas on the proposed list for sale?

Answer. During the selection process for identification of potential tracts to include in the administration's proposal, Mark Twain National Forest employees considered the impacts on known historic and cultural resources. However, not all of the selected tracts have been subjected to on-the-ground cultural resource surveys.

RESPONSES OF MIKE JOHANNIS TO QUESTIONS FROM SENATOR BINGAMAN

Question 1. Please provide a list of the number of acres conveyed and acquired through land exchanges in each of fiscal years 1999 through 2005, specifically identifying how many acres were traded in each fiscal year pursuant to a specific legislatively authorized or directed exchange.

Answer. A list detailing land exchange information for the years 1999-2005 is provided below. This information contains acres acquired, acres conveyed, dates, and the authority used or whether completed administratively. It is important to note that only a very small number of exchanges have been legislated compared to the number completed administratively.

(See accompanying attachment)*

Question 2. In FY2006 Budget submission highlighted the President's proposal for a \$22.8 million increase for the Forest Inventory and Analysis program in order to cover 100% of America's forests with an annual inventory. Although it was described as a critical program, the FY07 Budget proposes to cut the program and cover only 90% offorests. Can you explain why the Budget no longer proposes to fully fund the FIA program and whether the Forest Service expects to conduct an inventory in New Mexico during FY06 and FY07 (and if not, why not)?

Answer. Although the FY 2006 President's proposal requested a \$22.8 million increase for the FIA program, the FY 2006 Enacted budget provided an increase of only \$3.5 million over the FY 2005 level. The FIA program is proposed at about the same level as FY 2006 under the Forest and Rangeland Research Budget Line Item. Funding for FIA under the State and Private Forestry Budget Line Item has been redirected to other areas. Due to the overall reduction of funding, we will reschedule the inventory of New Mexico.

Question 3. How much in Equal Access to Justice Act fees has the Forest Service paid in each of fiscal years 1999 through 2005?

Answer. The attached table contains the amount of attorney fees paid by the Forest Service from fiscal years 1999—2005. The figures below represent estimated payments of attorneys fees made by the Forest Service under: 1) the Equal Access to Justice Act (EAJA), 28 USC 2412, which requires that plaintiffs be a "prevailing party" in a lawsuit against the agency and fit within a specific class (e.g. individual with net worth less than \$2 million, charitable or tax-exempt organization, sole owner of unincorporated business with net worth less than \$7 million); and 2) the Department of Justice's general settlement authority at 28 USC 2414 which does not impose any limitations on the payment of attorneys fees to settle a lawsuit against the agency.

Fiscal Year	Dollars
1999	814,774
2000	602,698
2001	581,567
2002	1,077,441
2003	1,236,668
2004	1,557,804
2005	1,131,578
Total	7,002,530

*The attachment has been retained in committee files.

RESPONSES OF MIKE JOHANNIS TO QUESTIONS FROM SENATOR WYDEN

Question 1. Economic Action Programs: In the FS budget justification you state that the Economic Action Programs are duplicative of Rural Development programs. Can you tell me how many grants were awarded through this supposedly duplicative program to:

- a. Rural forest-dependent communities?
- b. How many of those grants went to capacity building?
- c. How many of those grants supported forest restoration projects?
- d. How many of those grants supported the marketing and utilization of small diameter material?

Answer. The duplication referred to in the FY 2007 Forest Service Budget Justification relates not to individual projects, but to overlapping authorities for programs. Certainly, taxpayer interests are not served when multiple programs provide funding for the same project. The Economic Action Program is redundant with and duplicative of authorities for other USDA rural development programs and other Forest Service programs that both directly and indirectly assist communities. Forest Service programs that benefit communities include forest health management, state and volunteer fire assistance, forest stewardship, urban and community forestry, and the hazardous fuels reduction program. In addition, the Forest Service extensively uses Wyden amendment authority to benefit communities situated near national forests.

For those places that already have adequate community capacity to compete for loans and grants, USDA's Rural Development programs can address the needs via the following programs:

- Business and Industry guaranteed loans—Provides up to 90 percent guarantee of a loan made by a commercial lender for agricultural enterprises. The business applying for the loan must already have strong equity and collateral.
- Rural Business Enterprise Grants—Provides grants to public institutions to assist agricultural business. Grants do not go directly to businesses.
- Intermediary Relending Program—Provides grants for intermediaries to re-lend through an adequately secured loan for new agricultural businesses, and expansion of those existing businesses unable to obtain a conventional loan.
- Rural Business Opportunity Grants—Promotes sustainable economic development in rural communities with exceptional needs such as natural disasters, structural changes, and persistent poverty or population decline. Provides grants for economic planning, business assistance, and training to obtain specific USDA-RD program funding.
- Cooperative Development Grants—Grants are available for cooperative development to establish and operate centers for cooperative development.

In FY 2006, the Forest Service enacted budget included \$9.5 million designated by earmarks for the State and Private Forestry Economic Action Programs. Project grants were awarded to the following categories listed in the question as follows (Note that several of the project grants respond to one or more of the question categories, however the primary purpose of the project grant is where it is listed below):

A. RURAL FOREST-DEPENDENT COMMUNITIES

Project Name and Location	Funding Level (\$)
New England Value-Added Wood Products Project, MA	327,000
New York City Watershed, NY	398,000
Allegheny Area, PA	249,000
Northern Forests Partnership, NH	348,000
Madison County Forest Recreation Center, NC	995,000

B. CAPACITY BUILDING

Project Name and Location	Funding Level (\$)
Custer County Economic Development, ID	995,000
Hubbard Brook Foundation, NH	746,000
Folkmoor USA, NC	498,000

C. FOREST RESTORATION PROJECTS

Project Name and Location	Funding Level (\$)
Mica Creek, University of ID	299,000
Hinkle Creek Watershed, OR	498,000

D. MARKETING AND UTILIZATION OF SMALL-DIAMETER MATERIAL

Project Name and Location	Funding Level (\$)
Education and Research Consortium, NC	995,000
Fuels-In-Schools (Biomass), MT	1,493,000
Hardwood Scanning Center, Purdue University, IN	498,000
Wood Enterprise Agent, MT	398,000
Private Woodland Owner Database, WA	498,000
Ketchikan Wood Tech. Center, AK	398,000

RESPONSE OF MIKE JOHANNIS TO QUESTION FROM SENATOR JOHNSON

Question 1. The President's Fiscal Year 2007 budget includes a \$30 million increase to the forest products account. I am concerned, however, that entire \$30 million increase plus an additional \$11 million from the forest products account is directed exclusively to the Pacific Northwest and the Northwest Forest Plan. I support increased funding for the forest products line item and applaud your emphasis on forest plan implementation. However, I am concerned that the President's budget proposes to fund the Northwest Forest Plan at the expense of the timber sale program on the Black Hills National Forest and Region 2. The Black Hills National Forest completed the Phase II Amendment to the Forest Plan in 2005. I appreciated your meeting with me and the other members of the South Dakota congressional delegation last year to discuss rebuilding the timber sale program on the Black Hills National Forest.

Can you tell me how the Forest Service proposes to use the \$30 million increase in the forest products account to accomplish the Services forest management objectives in the Pacific Northwest while also increasing the timber sale program on the Black Hills National Forest?

Answer. The additional funding for the Northwest Forest Plan will allow the agency to offer 800 MMBF of timber volume, improve over 3,900 acres of terrestrial wildlife habitat and 120 miles of fisheries habitat, treat hazardous fuels in the wildland-urban interface and municipal watersheds, and address reforestation needs of recent large forest fires. The USDA Forest Service strongly supports the timber sale program on the Black Hills National Forest, and the agency is committed to allocating a combination of Forest Products and Hazardous Fuels funding to each region that is not less than the FY 2006 allocation. This is necessary to ensure that critical vegetation management program continuity is maintained. The Forest Service determines within each region where the Forest Products funding should be allocated to best support forest management programs, while using Hazardous Fuels funding to address the highest priority fuel reduction needs.

RESPONSES OF MIKE JOHANNIS TO QUESTIONS FROM SENATOR CANTWELL

Question 1. Does the Forest Service have any plans to edit or replace the “10 Standard Firefighting Orders” for wildland firefighters?

Answer. The Forest Service has no plans to edit or replace the 10 Standard Orders. The 10 Standard Orders are fundamental operating principles of fire suppression actions.

Question 2. Does the Forest Service have any plans to edit or replace the 18 “Watch Out Situations” for wildland firefighters?

Answer. The Forest Service has no plans to edit or replace the 18 Watch Out Situations. The 18 Watch Out Situations are a compilation of common hazards in the wildland fire environment that assist firefighters in their development and maintenance of situational awareness.

Question 3. Can you please provide the specific amount of money spent on wildland firefighter training activities nationally in FY 2006?

Answer. It is anticipated that the amount of money spent on wildfire training during FY2006 will be similar to the \$29.5 Million we have spent on training for each of the past several years. Approximately \$7.1 Million is spent in support of Regional and National Suppression and Fire Use Academies, and Training Centers. The cost for regional and local fire training is approximately \$22.4 Million.

Question 4. Can you please provide the specific amount of money spent on wildland firefighter training activities for each of the 10 Forest Service regions in FY 2006?

Answer.

APPROXIMATE FY2006 ALLOCATION OF WILDFIRE TRAINING DOLLARS BY REGION

Region	Fire Personnel	Training (\$)*
1	3,529	2,621,000
2	2,050	1,523,000
3	2,858	2,128,000
4	3,149	2,352,000
5	6,446	4,794,000
6	5,465	4,077,000
8	3,760	2,800,000
9	2,442	1,814,000
10	399	291,000
Total	30,100	22,400,000

*Based on FY2005 Regional training costs of \$22.4 Million.

Question 5. Can you please provide the specific amount of money spent on wildland firefighter training activities in Washington State in FY 2006?

Answer. The number of Forest Service fire personnel that are in the State of Washington (FS Region 6 in the table above represents Washington and Oregon) is 1,760. The annual cost of training Forest Service personnel in Washington State is approximately \$1,310,000 per year.

Question 6. How much funding is available for wildland firefighter training in the Fiscal Year 2007 USFS-Preparedness request?

Answer. The agency is committed to providing sufficient funds in order that all of our fire personnel receive appropriate safety training. The agency will fund firefighter training at approximately \$29.5 million for FY 2007, which is comparable to previous years.

Question 7. As you know, I introduced S. 906, the Wildland Firefighter Safety Act of 2005, last year. An identical piece of legislation, S. 2410 was introduced during the 108th Congress. Section 2(d) of the bill requires that federal contracts or agreements with private firefighting entities require those entities to provide training consistent with the qualification standards of the National Wildfire Coordinating Group and would require the Secretaries of Agriculture and Interior to develop a program to monitor and enforce this requirement.

Question 8. During a committee hearing on S. 2410, on September 29, 2004, Christopher Pyron, USFS-Deputy Chief for Business Operations said that section of the bill, “is good common sense.” Mr. Pyron also said, “we would not object to that

part of the bill.” Do Mr. Pyron’s earlier testimony still reflect the position of the Forest Service as it relates specifically to Section 2(d) of the bill?

Answer. In written testimony on S. 2410 on September 29, 2004 before the Senate Energy and Natural Resources Committee, Subcommittee on Public Lands and Forests, Forest Service Deputy Chief for Business Operations, Christopher Pyron, stated that, “Forest Service and Department of the Interior contracts require fire-fighting training and experience as prescribed by the qualification standards established by the National Wildfire Coordinating Group.” This written testimony also expanded on the positive steps the Forest Service has implemented to monitor enforcement and compliance.

The Secretaries of Agriculture and the Interior believe the following language would address the concerns of the Senator and the Administration regarding the performance and efficacy of Federal wildland firefighter safety, training practices, and activities: “The Secretaries shall, on an annual basis, jointly submit to Congress a report on the performance and efficacy of Federal wildland firefighter safety and training practices and activities during the previous fiscal year. The report for each fiscal year shall be submitted by February of the following fiscal year, and shall address both Federal resources and state or private resources acquired for firefighting purposes by means of any contract or agreement.”

Question 9. Can you please explain how the 1.5% reduction in funding to the USFS-Preparedness account is will allow the Forest Service to execute on anticipated wildfire prevention, detection, information and education, pre-incident training, equipment and supply purchase and replacement during the 2007 fire season?

Answer. The Forest Service will achieve efficiencies through program leadership and a reduction in agency-wide overhead. The agency will maintain a level readiness comparable to that attained in FY 2005 and planned for FY 2006. This includes prevention, detection, information and education, training, equipment and supply purchase and replacement.

Question 10. I understand the Forest Service is considering launching competitive sourcing studies on two-thirds of its workforce, according to a draft agency memo. Can you please describe in detail the impact this would have on Forest Service lands management in Washington State?

Answer. At the USDA Forest Service, feasibility studies are used to determine what, if any, functional areas are likely to produce a significant performance or financial return on investment if submitted to further management analysis. The outcomes of such studies recommend whether or not to pursue a Business

Process Reinvention (BPR), OMB Circular A-76 competition, some other business process improvement technique or maintain the current status. The USDA Forest Service is considering launching feasibility studies on those commercial activities that have not yet been examined through either Business Process Reengineering or OMB Circular No. A-76 processes. AS stewards of America’s national forests, it is essential that the Forest Service regularly assess its organization to insure that finite resources are optimally applied to performing its mission. Feasibility studies are a tool—a management process—specifically designed to objectively, comprehensively and transparently identify opportunities for improvement in agency programs to be achieved in a variety of ways. The feasibility study process is used to identify functional areas that might benefit from further analysis, after considering any impacts to the agency mission. This might include lands management in Washington State.

Question 11. In regards to the proposal in President’s budget to sell off 300,000 acres of U.S. forest service lands to pay for the County Payments program, according to your agency, “the parcels identified for proposed sale meet the criteria in existing Forest Land Management plans as potentially suitable for conveyance.” What were the criteria? Was this a GIS exercise? If so, what were the parameters? Were individual parameters self limiting, or did each parcel have to meet several criteria to be chosen as disposable? What role did the regional offices play in these decision making?

Answer. Identification of the potentially eligible parcels was accomplished by a variety of methods, including the use of the agency’s Automated Land Project (ALP) Geospatial Information System (GIS). Forests were asked to refine the lands lists before submission. Land exchange conveyance criteria were used as a starting point because land management plans anticipate exchange as the most likely method of conveyance. Criteria addressing land exchange or conveyances differ between land management plans. However, in general, land exchange criteria include disposal of isolated tracts and lands that have lost their National Forest System character due to encroachment or conflicting uses on adjacent private lands.

Question 12. Does the Forest Service have the administrative authority to sell off the parcels proposed in the President's budget, or do they need additional legal authority?

Answer. The Forest Service does not have the administrative authority to sell the parcels proposed. Legislation will need to be enacted providing authority to sell lands as a means of funding the Secure Rural Schools program at levels identified in the President's budget.

Question 13. Please detail every parcel within Washington state proposed for sale under the President's budget proposal.

Answer. There are approximately 7,425 acres identified that are potentially eligible for disposal in the state of Washington. The criteria used for selection of potentially eligible parcels in Washington State were small, isolated parcels or edgeholdings, less than 640 acres in size. Parcels are not expected to contain critical resource values, floodplains or wetland restrictions, or have Endangered Species Act issues. The following internet link will give you Washington State parcels proposed for disposal: <http://www.fs.fed.us/land/staff/spd.html#Washington>

Question 14. The agency also states that "many of these lands are isolated from other contiguous National Forest System lands, and because of their location, size or configuration are not efficient to manage as a component of the National Forest system." How does the Forest Service define isolated? Are you aware that there are parcels identified that are less than one tenth of a mile away from the contiguous forest, and some that are part of the contiguous forest? How were such parcels chosen? Are all these lands previously categorized as parcels suitable for land exchange? If we sell off all these lands, will all future land exchanges be precluded?

Answer. In general, an isolated tract is defined to be any tract of National Forest System (NFS) land that is surrounded by private lands. Some parcels may be bordered on 2 to 3 sides by private land. Whether surrounded or merely bordered, there may be encroachment when private lands are developed. Lands that have lost their NFS character are commonly identified for conveyance through exchange.

Identification of the potentially eligible parcels was accomplished by a variety of methods, including the use of the agency's Automated Land Project (ALP) geospatial information system (GIS). Forests were asked to refine the lands lists before submission. Land exchange conveyance criteria were used as a starting point because land management plans anticipate exchange as the most likely method of conveyance. Criteria addressing land exchange or conveyances differ between land management plans. Many plans simply list criteria to be considered, rather than geographically identifying parcels, therefore, some of these lands may not have been specifically identified as suitable for land exchange during the planning process.

The land exchange and land acquisition programs will continue to provide opportunities for the acquisition of high priority tracts within the National Forest System.

Question 15. The traditional role of land sale has been to use funds to acquire lands that fulfill the National Forest System interests. If these sales go through, what is the Forest Service's intent to replace the more than 300,000 acres that would be lost to the National Forest System?

Answer. The land exchange and land acquisition programs will continue to provide opportunities for the acquisition of high priority tracts within the National Forest System. Although funding levels for land acquisition are down from prior years, there will continue to be a steady gain of net acres due to purchases; donations; and the nature of land exchanges, which often result in more lands being acquired than conveyed.

Question 16. The Legislative Proposal of the Forest Service budget Justification identifies wilderness, wild and scenic rivers, national recreation areas, monuments and historic sites as areas "expressly" excluded from land sales. Does this mean that roadless areas, old-growth reserves, and critical wildlife habitat are included in the 300,000-plus acres already identified as "disposable?" How about wilderness research areas? How about popular recreation areas, and areas that provide access to places and rivers? Given the isolated nature of some of these areas, and the Forest Service's support of scientific research, why aren't isolated areas used to perform research separated from the functions of the greater contiguous forest?

Answer. All land sales proposed under the administration's proposal are subject to requirements of the National Environmental Policy Act (NEPA). Although a categorical exclusion is provided for these sales, use is subject to extraordinary circumstances procedures established by the Forest Service pursuant to 1508.4 of Title 40, Code of Federal Regulation. Resource conditions that would be considered in determining whether extraordinary circumstances related to the proposed action warrant further analysis and documentation in an Environmental Assessment (EA) or an Environmental Impact Statement (EIS) are: a) Federally listed threatened or endangered species or designated critical habitat, species proposed for Federal listing

or proposed critical habitat, or Forest Service sensitive species, b) Flood plains, wetlands, or municipal watersheds, c) Congressionally designated areas, such as wilderness, wilderness study areas, or national recreation areas, d) Inventoried roadless areas, e) Research natural areas, f) American Indians and Alaska Native religious or cultural sites, g) Archaeological sites, or historic properties or areas.

If research is separated from the functions of the greater contiguous forest, the results obtained have less utility and less value to forest managers. Since research is expensive and time consuming, the Forest Service needs to obtain as much utility and value from its research as possible. Further, if the term function implies ecological relationships (the manner in which forests function), this can be investigated any place conditions are appropriate for the functions being investigated. It is more efficient to do the work where there is good access.

Question 17. The eastern regions of the Forest (regions 8 and 9) make up 13% of the National Forest System. Yet, almost 30% of the total lands for sale are in these two regions. In addition, these two regions have the highest urban populations that are in need of increasing amounts of recreational opportunities and in greater need for protecting wildlife habitats, and sources of clean air and water. How will the Forest Service deal with this dilemma? The Mark Twain National Forest, in Region 9, has identified almost 22,000 acres for proposed sale. How would you justify selling such a large portion of Missouri's National Forest?

Answer. The Administration's proposal authorizes the sale of National Forest System (NFS) land parcels that may be appropriate for conveyance because they are isolated or considered inefficient to manage due to their location and other characteristics. Counties throughout the U.S. have received payments under the current County Payments Act and would continue to do so in the Budget's legislative proposal, so it is reasonable to identify parcels nationally that could be eligible for sale. It is expected that even with the proposed land sales there will be a no net loss of federal lands to the National Forest System land base. In addition, the lands that are conveyed into private ownership will contribute to the county tax base and improve receipts for rural schools and other programs.

The National Forests in the Eastern and Southern Regions have a more fragmented land ownership pattern, and are more likely to have isolated tracts of the kind identified under this proposal than Forests in western regions which have more consolidated ownership. The sale of these lands will reduce management inefficiencies and administrative costs to the Forest Service, enabling more funds to be used to manage NFS lands that provide critical resource protection for wildlife and watersheds and are most important to the public.

Question 18. Please describe how Senate Bill 781, the Right-to-Ride Livestock on Federal Land Act of 2005, would affect or change current U.S. Forest Service land management practices or relevant decision-making. Does the Forest Service have any particular policy regarding the use of pack and saddle stock animals? Please describe any instances in the last 5 years where trail accessibility was changed specifically for pack and saddle stock animals anywhere in U.S. Forest Service lands. If there are instances, please explain the justification for closing these trails.

Answer. The Administration has previously testified on similar legislation to S. 781. (See Statement of Chad Calvert, Deputy Assistant Secretary, U.S. Department of the Interior, before the subcommittee on National Parks, Recreation and Public Lands of the House Committee on Resources, concerning H.R. 2966, September 30, 2003). At that time, the Department of the Interior expressed concern with provisions in the bill that appear to give more weight to one recreational use than to others without consideration of the agency's mission.

The Forest Service has a long-standing history in the use of pack and saddle stock on National Forest System (NFS) lands. NFS lands accommodate hikers, bikers, off-highway vehicle users along with pack and saddle users. There are thousands of miles of trail that are actively managed for pack and saddle stock.

Some limitations have been implemented on the numbers of pack and saddle stock within designated wilderness areas where group size is an issue. These decisions are made at the forest or regional level. For example, within the Okanogan National Forest wilderness area in Washington there is a maximum party size of a combination of 12 people and/or livestock.

Instances of trail closings for pack and saddle stock would be made primarily for resource protection, such as unstable soils. For example, in December 2005 the Inyo National Forest, in California, issued a Final Environmental Impact Statement (FEIS) and Record of Decision on Trail and Commercial Pack Stock Management in the Ansel Adams and John Muir wildernesses. Although the FEIS disclosed that there was minimal impact by pack and saddle stock wilderness wide, the FEIS did determine that there were specific locations within the wilderness that were experiencing adverse impacts by pack and saddle stock. In order to protect the wilderness

character of those specific locations, the timing, frequency, intensity and location of commercial pack stock use was managed. This decision was conducted with extensive public involvement and in compliance with the National Environmental Policy Act.

Question 19. Is it true that on average the trails and recreation budget for National Forests in Washington state has declined 5 percent each year, despite comparable increases in the overall Forest Service recreation budget? How do you justify these cuts? Please estimate how these cuts have lowered the ability of the Forest Service to leverage tens of thousands of hours of volunteer trail maintenance.

Answer. Over a 3-year period between fiscal year 2003 and 2005, recreation and trails funding for the national forests in the State of Washington did decline on average by approximately five percent, while the national funding for these two programs increased by approximately four percent. However, during this time period, the Forest Service had adopted and implemented a budget formulation and allocation model called the Budget Formulation and Execution System (BFES), which relied on field developed data. The criteria that each unit used to determine program levels was based on the local units focus and emphasis for each program, balanced with overall needs for the entire land base that they managed. An important facet of BFES was that Forests could “weight” program requests to meet local resource management priorities, and “trade-off” other programs that would then receive less emphasis and funding. Thus, a national forest in Washington could develop a budget that emphasized fuels management, watershed restoration, and vegetation management, and deemphasize the recreation program. Such a budget would have been very much in line with the national and regional priorities for healthy forests and reduction of fire risk.

Nationally, over this same time period, funding for challenge cost share projects rose from \$5.6 million in FY 2003 to \$7.7 million in FY 2005 for trails related work. In FY 2003 approximately \$2.6 million of appropriated trail funds were matched by \$3.0 million of cash and in-kind contributions by partners for trails related work. In FY 2005, \$2.9 million of appropriated trails funds were matched by over \$4.8 million of cash and in-kind contributions. Of the total \$7.7 million in FY 2005, over 200,000 volunteer hours were contributed on the five designated Forest Service National Scenic and Historic Trails. The FY 2006 appropriation is slightly below FY 2005, but if recent trends hold, the contribution to partnerships from appropriated trails funds and partnership cash and in-kind services should remain fairly steady. For FY 2007, the agency will encourage field units to use a minimum of \$5 million in total appropriated trails funding to help foster new partnerships and expand existing partnerships.

Question 20. I am concerned about decreasing staff levels in Washington state’s national forests. Could please provide me with a chart that shows staffing level changes to the years 2000, 2002, 2004, and 2006. If there have been cuts to staffing levels, please estimate how this situation has impacted typical forest service responsibilities.

Answer.

PERMANENT FOREST SERVICE EMPLOYEES IN WASHINGTON STATE

Fiscal Year	Employees
2000	1594
2001	1647
2002	1647
2003	1640
2004	1637
2005	1515
2006	1492

The reductions between 2004, 2005 and 2006 are due primarily to the IT and Budget and Finance restructuring. Region 6 also downsizes as needed to live within the priorities of their programs. The IT and Budget and Finance restructuring did not affect the Region’s overall mission as those functions are done elsewhere. We expect the same will be for Human Resources Management functions once the BPR is completed.

Question 21. I believe the Forest Service is on record in support of the ORV rule. Does this year’s budget request provide enough funding for ranger districts to comply with the ORV rulemaking?

Answer. On November 9, 2005, the Department of Agriculture published a final travel management rule (36 CFR parts 212, 251, 261, and 295) governing the use

of motor vehicles on National Forest System lands. The Forest Service believes that this rule represents a critical step in addressing unmanaged recreation, which is one of the four key threats to national forests and grasslands.

The travel management rule requires each national forest to designate those roads, trails, and areas open to motor vehicle use by vehicle class and, if appropriate, by time of year. Decisions about which roads, trails, and areas should be designated will be made at the local level, with public participation and coordination with State, county, and tribal governments. The agency intends to complete route designation within the next 4 years. On most national forests, travel planning will require a substantial effort, including environmental analysis and documentation prepared in an open, collaborative process.

Travel management is a key agency priority, and the Forest Service will prioritize its work and accomplish travel planning within the funds available. Travel management serves multiple purposes, and funding may be used from a variety of Forest Service appropriations depending on the primary purposes served at the local level.

RESPONSES OF MIKE JOHANNIS TO QUESTIONS FROM SENATOR SALAZAR

Question 1. The fire season has started early this year and the southern half of Colorado is, again, suffering from below average snowfall. I am concerned about the Forest Service's move away from working with states as evidenced by the cuts to State Fire Assistance (−36%) and Forest Health Management on both federal and cooperative lands (−54%). Why is the Forest Service funding less work with local communities?

Answer. The President's Budget recognizes the importance of maintaining forest health technical assistance to federal and nonfederal land managers, maintaining forest health monitoring activities and meeting the highest priority pest suppression needs on federal lands, while relying on nonfederal partners to continue to share more of the cost of pest suppression on state and private lands. Further, the Budget reflects significant increases elsewhere for other activities that improve the health and vitality of national forests. For example, funding for Forest Products increases by \$30 million (+11%) and Vegetation and Watershed Management increases by \$6 million (+3%). President Bush is allocating \$610 million in the 2007 budget to continue implementation of the Healthy Forests Initiative to reduce hazardous fuels and restore forest health. The budget proposal, more than a \$12 million increase over 2006, takes an integrated approach to reducing hazardous fuels and restoring forest and rangeland health. Along with more than \$301 million provided to the Department of the Interior, the 2007 budget provides a total of nearly \$913 million to implement the Healthy Forests Restoration Act.

The FY 2007 Budget reflects the President's commitment to providing the critical resources needed for our Nation's highest priorities: fighting the War on Terror, strengthening our homeland defenses, and sustaining the momentum of our economic recovery. This has required difficult decisions to be made. In this context, and given both the increases proposed for hazardous fuels funding and greater levels of cooperative conservation (see below), the FY 2007 President's Budget has proposed a \$16.7 million decrease in program funds from the FY 2006 enacted level. Funding for State Fire Assistance reflects the priorities of the Administration and is consistent with previous proposals for State Fire Assistance.

In addition, cooperative conservation extends to the entire scope of work conducted by the Forest Service, whether it occurs on national forests, research labs, or on state and private lands. Forest Service-wide efforts are broadening cooperative conservation with state, tribal and local governments, communities, private for-profit and non-profit organizations, and private citizens; enhancing and integrating public and private land stewardship; bringing together key stakeholders and decision makers who can advance cooperative conservation; and enhancing on-the-ground conservation results and progress.

Question 2. Concern in Colorado regarding bark beetles is increasing every year as the beetles and their visible impacts spread. As part of the FY 2006 Agriculture Appropriations bill I submitted an amendment requiring the Secretary to tell Congress what action was being taken on this front. As a result the USFS budget justification clearly lays out that federal funds supporting bark beetle management activities in 2007 are slated to be reduced by 49% to under \$17 million. According to your justification this cut will result in a 40% decrease in federal acreage receiving treatment and 44% decrease in cooperative acreage treatments. At the same time, the USFS is proposing to cut Region 2's Forest Products funding by \$3 million dollars that will result in fewer stewardship contracts. This is unacceptable to Colorado. What is your rationale for this decision?

Answer. The FY 2007 President's Budget for forest health is up nearly \$12 million over the FY 2006 President's Budget, recognizing the importance of forest health to communities. The Forest Service continues to support the work of communities and States in addressing forest health and reducing the threat of wildland fire. The increase in Hazardous Fuels provides additional funds over the FY 2006 President's Budget to continue to work with other Federal agencies, communities, and organizations in planning treatments to reduce the risk of wildland fire in high priority areas, including the wildland-urban interface. Fuel management projects can alter fire behavior and have additional benefits such as reduced risk of bark beetle attack. Fuel management projects, while reducing flame lengths and slowing rates of spread, often produce a marketable forest products component. Although allocations to each region will not be finalized until after the enacted budget, the agency expects no net reduction to any region from the combination of Forest Products and Hazardous Fuels funding, which is necessary for continued progress in addressing the agency's critical forest health work.

Question 3. Allow me to follow up on this issue to, perhaps, make a point. The bark beetle problem is the number one issue many of Colorado's local communities are facing. They are concerned about the tourism economies and they are concerned about the fire danger that bark beetles leave as their aftermath. Is it the Administration's position that it would be better to deal with the aftermath of economic downturn and wildfires than to invest in countering the threat?

Answer. As mentioned previously, President Bush is allocating \$610 million in the 2007 budget to continue implementation of the Healthy Forests Initiative to reduce hazardous fuels and restore forest health. The budget proposal, more than a \$12 million increase over 2006, takes an integrated approach to reducing hazardous fuels and restoring forest and rangeland health. Along with more than \$301 million provided to the Department of the Interior, the 2007 budget provides a total of nearly \$913 million to implement the Healthy Forests Restoration Act.

Impacts from bark beetles are an issue across the West. In many areas, forests are aging and are overly dense; bark beetles are often agents of change when this stand condition exists. Bark beetle populations increase in dense, overstocked stands and areas where blowdown has occurred. Ground surveys, stand conditions, and beetle populations indicate that the mortality from the mountain pine beetle will increase in the future. Long-term solutions lie in restoring ecological conditions to a healthier state.

The White River, Arapahoe-Roosevelt and Routt National Forests are developing a cooperative strategy with the BLM, Colorado State Forest Service, counties, conservation districts, and interested communities to address the current bark beetle infestation. This partnership will develop an array of prevention, suppression, salvage, and reforestation techniques to address the situation.

The agency has already developed agreements with counties and communities in Colorado to increase the capacity for using wood products. These include cooperative power generation programs on the Front Range and working with the National Renewable Energy Laboratory to develop efficient uses of biomass material.

The Forest Service is concentrating our bark beetle suppression efforts at high-value sites such as wildland-urban interface locations, watersheds and ski areas. Areas around Breckenridge and Vail are a priority.

Question 4. The President's proposal to sell off 300,000 acres to generate \$800 million has not received a warm welcome in Colorado. I would like to add my voice to the chorus opposing this idea. I don't want to spend a lot of time on this issue, but could you quickly tell me what kind of public input, if any, the USFS received regarding the different pieces of land that it proposes selling prior to submitting this plan as part of the Budget?

Answer. The Forest Service developed a tentative list of potentially eligible parcels in order to promote public input. A Federal Register Notice was issued on February 28, 2006, inviting comments on the proposal and the parcel list. However, the public has been encouraged to comment on the list as of the date that the list was made public following the delivery of the President's Budget to Congress. All comments received before, and in response to the Federal Register notice, are being reviewed. Parcel-specific comments will be shared with the appropriate field units.

Question 5. What is the current status of the proposed development at Wolf Creek that involves crossing the San Juan National Forest to reach the in-holding. What steps would be necessary for the proposal to move forward from the USFS' standpoint?

Answer. The current status of the proposed road and utility access across the Rio Grande National Forest to the Village At Wolf Creek development is that the final environmental impact statement and record of decision are expected to be released to the public the first week of April 2006.

In order for activities to move forward, once the decision has been made and published, the Rio Grande Forest Supervisor will issue the necessary road and utility authorizations. The developer will also need to obtain Highway 160 access permits from the Colorado Department of Transportation and fulfill the terms and conditions of the biological opinion issued by the U.S. Fish and Wildlife Service to protect the lynx.

Question 6. Last year, I asked the USFS if the concerns of local communities were being considered regarding the proposed Wolf Creek development. I encouraged the Forest Service to not brush aside the concerns of the locals. I would like to re-new and stress the importance of that request.

Answer. The concerns of Mineral County and the local communities are being considered and are addressed in the final environmental impact statement.

Question 7. Colorado's Region (#2), whose forests provide recreation to approximately 32 million people every year, receives the lowest recreation, heritage and wilderness funding per visit out of any FS region (\$0.60 per visit as compared to \$1.06 per visit for Region 1 in the Northern Rockies). In Colorado a unique group of conservationists, off road vehicle enthusiasts, and sportsmen have come together to ask the USFS to boost recreation funding in region 2 to implement travel/rec management plans plus inflationary increases. How is the USFS going to meet these critical needs in Colorado?

Answer. The Forest Service continues to direct available resources towards meeting long-term strategic goals and providing increased support to programs that advance sustainable resource management, which includes providing outdoor recreational opportunities. Available recreation and trails program resources continue to be focused on efforts that maximize program delivery, emphasize delivery of services to the public, and strengthen partnerships which are vital to accomplishing stewardship work on the ground. The Rocky Mountain Region (Region 2) has taken several steps to reduce costs, including implementing the recreation sites facility master planning process, pursuing grants and matching funds, and actively engaging our partners in the management of the national forests.